Annual Consolidated Management Report

of "Sirma Group Holding" JSC

for 2022

sirma.com

Content

1 STATEMENT BY THE BOARD OF DIRECTORS OF “SIRMA GROUP HOLDING” JSC

The present annual consolidated management report of “Sirma Group Holding” JSC covers the year, ending on 31 December 2022 and was prepared in accordance with the provisions of Article 39 of the Accountancy Law and Art. 100o, para. 2 and 5 of the the Public Offering of Securities Act (POSA), including also the established events, occurring after the balance sheet date. The structure of this report is in accordance with Appendix 9, 10 and Appendix 11 to Article 32a (2) of Ordinance No. 2 of the Financial Supervision Commission (FSC).

The board of directors of the holding confirms that:

- there were no irregularities in which managers or employees were involved, which may be material to the consolidated financial statements;

- all material transactions are duly accounted for and reflected in the annual consolidated financial statements as at 31 December 2022;

- there is no actual or potential breach of laws and (or) other regulatory provisions which would have a material impact on the consolidated financial statements or could serve as a basis for reporting contingent loss;

- there are no legal or other restrictions on the flow of funds;

- there are no known trends, requests, commitments, events or occasional circumstances for which there is reason to expect that they may affect the company as a whole.

This consolidated management report contains estimates and information based on our beliefs and assumptions, using currently available information about them. Any statements contained in this report which are not historical facts are predictions. We have based these statements on the future of our current expectations, assumptions and predictions about future conditions and events. As a result, our predictions and information are exposed to uncertainties and risks, many of which are beyond our control. If one or more of these uncertainties or risks materialize or if the underlying management assumptions prove to be incorrect, our actual results may differ materially from those described in the report. We describe these risks and uncertainties in the report in the Risk Section.

This report includes IT industry statistics and global economic trends which come from information publishedby sources including International Data Corporation (IDC), a market information and information technology consultant, telecoms and consumer technology markets; Gartner, the European Central Bank (ECB); and the International Monetary Fund (IMF). This type of data is only the forecasts of IDC, the ECB, the IMF and other data sources for the global economy and industry. SIRMA does not guarantee any statistical information provided by sources such as IDC, Gartner, ECB, IMF, or other similar sources cited in this report. In addition, although we believe that information from these sources is generally reliable, this type of data is inaccurate. We warn readers not to create unnecessary dependence on this data.

In our Annual Consolidated Management Report, we analyze our business activities for the reporting financial period as well as the current situation of Sirma Group. Starting from a description of our business, economic environment and strategy, we present our financial system and explain in detail our results and operations as well as our financial position and net assets. We also report on the various aspects of financial sustainability of Sirma Group Holding and the expected development of possible risks.

The financial information presented in this report includes our consolidated financial statements, our report to the Board of Directors and some financial aspects derived from our management accountability. The non-financial data presented in the report includes aspects of intellectual, human and social rights and relationships derived from our materiality assessment.

Our annual consolidated financial statements have been prepared in accordance with IFRSs. Internal control over financial reporting ensures the reliability of the information presented in the consolidated financial statements. Our Board of Directors has confirmed the effectiveness of our internal financial reporting.

All financial and non-financial data and information for the reporting period is collected and / or reported by the responsible business units.

The reporting period is the financial year ending on 31.12.2022. The report includes Sirma Group Holding JSC and all subsidiary companies of the group without EngView Systems Latin America and Sirma ISG, which are excluded from consolidation due to lack of relevance.

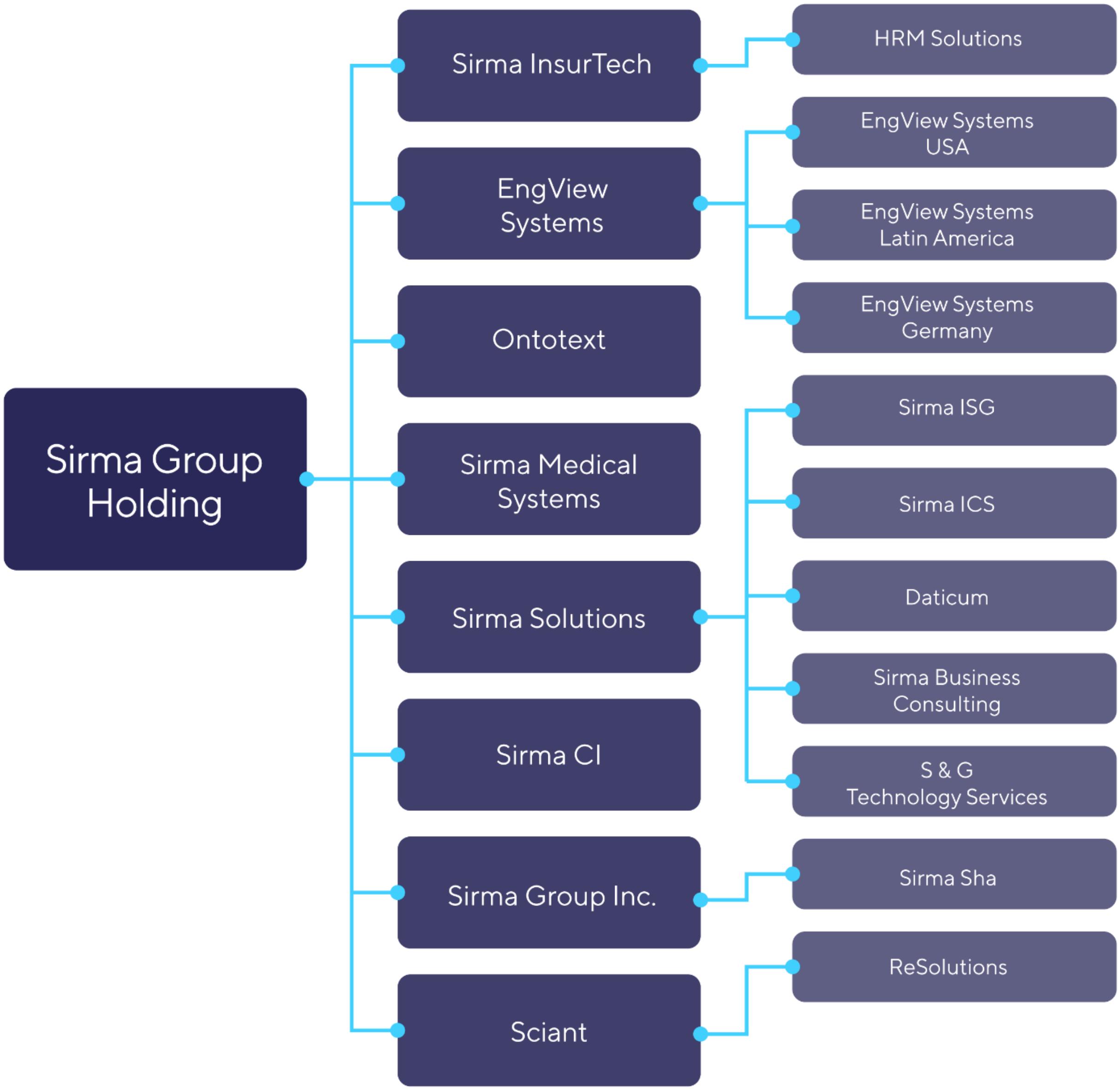
2 ORGANIZATION AND WAY OF PRESENTATION

“Sirma Group Holding” JSC is a holding company that invests in technological businesses, manages them strategically and operationally, provides its subsidiaries with management, administrative, marketing and financial services.

Over the years, Sirma has created over 20 companies, investing in them a tremendous financial and human capital.

Our strategy is to create businesses, incubate them and develop them.

Generating robust growth, cost-effectiveness and consistent business results are among the Group's top priorities.



History and development of the parent company

“Sirma Group Holding” JSC is a holding company registered on 25.04.2008 at the Registry Agency with UIC 200101236, LEI: 8945007AD80FTJTEGH37, with head office: BULGARIA, Sofia (capital), Sofia municipality, City Sofia 1784, Mladost area, bul. Tsarigradsko Shose, No 135. The name of the company changed on 23.03.2009 from "SGH" JSC to "Sirma Group Holding" JSC. The company is not limited by the term of existence.

The object of the company is: acquisitions, management, evaluation and sale of participation in bulgarian and foreign companies, acquisition, evaluation and sale of patents, cession of licenses to use patents of companies which the company owns, financing of companies in which the company participates, organization of accounting and compiling financial statements under the law of accounting. The company may also carry out its own commercial acticity, which is not prohibited by law.

Changes in the statement of activity

At the time of its incorporation, the company operated under the following business activities: design, development, marketing, sales, implementation, training and support of software products and complete solutions, including software project management, information and communication technology consultancy services, accounting services, as well as any other activity not prohibited by law.

On 23.03.2009 „Sirma Group Holding“ JSC changed its scope of activity as follows: Acquisition, management, evaluation and sale of participations in Bulgarian and foreign companies, acquisition, evaluation and sale of patents, surrender of licenses for use of patents of companies in which the holding company participates, financing of the companies in which the holding company participates, organization of the accounting and preparation of financial statements under the order of the Law for Accounting. The company may also carry out its own commercial activity, which is not prohibited by law.

From the establishment of the company until the date of this document, Sirma Group Holding JSC:

• is not the subject of consolidation;

• no transfer or pledge to the enterprise;

• No claims have been filed for the opening of insolvency proceedings of the company;

• There are no tenders from third parties to the Company or from the Company to other companies;

• Has carried out research and development activities.

CAPITAL

The share capital of the company amounts to 59 360 518 BGN, divided into 59 360 518 dematerialized shares with nominal value of BGN 1.

History of Share Capital

History of changes in share capital

• The company was incorporated with BGN 50,000 of capital.

On 15.10.2008, after the adoption of three triple expert appraisals of experts, the share capital was increased from BGN 50,000 to BGN 77,252,478 through non-cash contributions and issuance of new 77,202,478 shares. Non-cash contributions are as follows:

1) 29 software modules worth 61,555,838 BGN;

2) Non-monetary contribution representing real estate amounting to 3 911 660 BGN:

 Office building - offices, floor 3th and floor 5th of an office building, located in Sofia, 135 Tsarigradsko shose Blvd., owned by “Sirma Group” AD, a company registered in the Commercial Register at the Registry Agency UIC 040529004, with headquarters and address of management in Sofia, Mladost district, 135 Tsarigradsko shose Blvd., accepted as shareholder in “SGH” AD by decision of the General Meeting of “SGH” JSC from 10.07.2008

3) Non-cash contribution representing shares of 11 734 980 BGN:

 A total of 81,690 shares of the total amount of 11,734,980 BGN (143.6526 BGN per share) of the capital of "Sirma Group" JSC, registered in the Commercial Register at the Registry Agency UIC, 040529004

On 22.10.2010. as a result of the decision of the regular annual general meeting of the Company's shareholders, a reduction of the capital of “Sirma Group Holding” JSC from 77 252 478 BGN to 73 340 818 BGN was recorded through the cancellation of 3 911 660 shares with a par value of 1 BGN each. The Company's capital was reduced on the basis of Art. 200, para. 2, in conjunction with Art. 187f, par. 1, item 2n of the Bulgarian Commercial Law.

During the transformation, entered in the Commercial Register on 23.10.2014, the Company's capital is reduced to 49 837 156 through the cancellation of 23 503 662 shares.

This decrease is a result of the estimated fair value of the shares of Sirma Group Holding JSC by three independent apprasers. The shareholder structure of the Company does not change as the shareholder structures of the transforming and that of the newly established companies are mirrored.

On 30.10.2015, after a successful initial public offering, the capital was increased to 59 360 518 BGN by issuing 9 523 362 new shares with nominal value per share 1 BGN and issue value 1,20 BGN.

Information on the terms of any vesting rights and / or liabilities for statutory but unissued capital

„Sirma Group Holding“ JSC does not have information about the terms of any acquisition and / or liabilities for statutory but unissued capital.

3 STRUCTURE OF SHARE CAPITAL AND MANAGEMENT AUTHORITIES

3.1. Capital structure

As of 31.12.2022 the distribution of the share capital of Sirma Group Holding is as follows:

	31.12.2022	31.12.2021
Share capital (in thousand shares)	59 361	59 361
Number of shares (par value of 1 BGN)	59 360 518	59 360 518
Total number of registered shareholders	1 033	1 026
Including legal entities	40	45
Including Individuals	993	981
Number of shares held by legal entities	5 286 591	8 517 822
% of capital of legal entities	8,91%	14,35%
Number of shares held by individuals	54 073 927	50 842 696
% of capital held by individuals	91,09%	85,65%

Shareholders	Number of shares at 31.12.2022	Number of shares at 31.12.2021	Nominal value (BGN)	Nominal value (BGN)	% Shareholding	% of voting rights*
Georgi Parvanov Marinov	5 269 748	5 269 748	1	5 269 748	8,88%	8,89%
Tsvetan Borisov Alexiev	4 965 753	4 965 753	1	4 965 753	8,37%	8,38%
Chavdar Velizarov Dimitrov	4 750 786	4 750 786	1	4 750 786	8,00%	8,01%
Veselin Antchev Kirov	4 700 786	4 700 786	1	4 700 786	7,92%	7,93%
Ivo Petrov Petrov	4 013 920	4 500 000	1	4 013 920	6,76%	6,77%
Ognyan Plamenov Chernokozhev	3 741 620	3 741 620	1	3 741 620	6,30%	6,31%
Atanas Kostadinov Kiryakov	2 887 524	2 887 524	1	2 887 524	4,86%	4,87%
Krasimir Nevelinov Bozhkov	2 534 161	2 534 161	1	2 534 161	4,27%	4,28%
Vladimir Ivanov Alexiev	2 177 583	2 177 583	1	2 177 583	3,67%	3,67%
Rosen Vasilev Varbanov	2 156 687	2 156 687	1	2 156 687	3,63%	3,64%
Emiliana Ilieva Ilieva	1 965 209	1 925 820	1	1 965 209	3,31%	3,32%
Deyan Nikolov Nenov	1 790 748	518 757	1	1 790 748	3,02%	3,02%
Yavor Liudmilov Djonev	1 292 746	1 392 746	1	1 292 746	2,18%	2,18%
Rosen Ivanov Marinov	1 265 795	8 433	1	1 265 795	2,13%	2,14%
Peter Nikolaev Konyarov	867 165	870 665	1	867 165	1,46%	1,46%
Mandjukov Ltd.	860 000	860 000	1	860 000	1,45%	1,45%
UPF Doverie JSC	802 126	976 678	1	802 126	1,35%	1,35%
UPF DSK Rodina	747 036	747 036	1	747 036	1,26%	1,26%
Asen Krumov Nelchinov	641 349	422 348	1	641 349	1,08%	1,08%
First Financial Brokerage House	525 960	677 368	1	525 960	0,89%	0,89%
UPF Pension Insurance Institute	230 000	715 810	1	230 000	0,39%	0,39%
Purchesd own shares	(84 846)	(2 022 810)	1	(84 846)	0,14%	-
Others	11 088 970	10 537 399	1	11 088 970	18,68%	18,71%
Total	**59 360 518**	**59 360 518**		**59 360 518**	**100%**	**100%**

*Percentage of voting rights represents participation in the capital of the company net of the purchased own shares.

As of 31 December 2022 the total amount of repurchased own shares is 84 846 shares in the amount of BGN 84 846 (0,14% of the share capital). The other companies of the Group that own shares of Sirma Group Holding JSC are:

- As of 31.12.2022 SAI AD (Ontotext AD) owns 550 shares of the parent company Sirma Group Holding JSC with total value of BGN 643,50. The company has no newly acquired shares during the reporting period.

- As of 31.12.2022 Sirma Solutions AD owns 32 389 shares of the parent company Sirma Group Holding JSC with total value of BGN 18 245. The company has no newly acquired shares during the reporting period.

Shareholders holding more than 5% of the company's capital are:

Shareholders	Number of shares at 31.12.2022	% Shareholding	% of voting rights
Georgi Parvanov Marinov	5 269 748	8,88%	8,89%
Tsvetan Borisov Alexiev	4 965 753	8,37%	8,38%
Chavdar Velizarov Dimitrov	4 750 786	8,00%	8,01%
Veselin Antchev Kirov	4 700 786	7,92%	7,93%
Ivo Petrov Petrov	4 013 920	6,76%	6,77%
Ognyan Plamenov Chernokozhev	3 741 620	6,30%	6,31%

Shareholders	Number of shares at 31.12.2021	% Shareholding	% of voting rights
Georgi Parvanov Marinov	5 269 748	8,88%	8,97%
Tsvetan Borisov Alexiev	4 965 753	8,37%	8,45%
Chavdar Velizarov Dimitrov	4 750 786	8,00%	8,08%
Veselin Antchev Kirov	4 700 786	7,92%	8,00%
Ivo Petrov Petrov	4 500 000	7,58%	7,66%
Ognyan Plamenov Chernokozhev	3 741 620	6,30%	6,37%

Insofar as it is known to the Company, indicate whether the company is directly or indirectly owned or controlled and by whom and how the nature of that control and the measures introduced are introduced to avoid abusing such control.

“Sirma Group Holding” JSC is owned by its shareholders exercising full control over the company. Operational control is delegated to the Board of Directors and, respectively, the Executive Director. The company has implemented a number of internal documents aimed at regulating the work and preventing abuses. Such are the "Instruction on the Obligations and Responsibilities of Insiders with Insider Information", "Code of Conduct for Financial and Accounting Posts", "Rules of Procedure of the Board of Directors", "Good Corporate Governance Program".

Description of any arrangements known to the Company, the operation of which may at any subsequent date result in a change in the control of the Company

The Company is not aware of any arrangements the effect of which could lead to a change in the control of “Sirma Group Holding” JSC in the future.

3.2 Management authorities

“Sirma Group Holding” JSC has a one-tier management system - Board of Directors.

On 24.06.2022, the Annual general meeting of shareholders of “Sirma Group Holding” JSC decided:

a. Removes Petar Borisov Statev as member of the Board of Directors.

b. Elect as members of the Board of Directors:

- Veselin Anchev Kirov

- Yavor Ludmilov Djonev - independent member of the Board of Directors

- Martin Veselinov Paev - independent member of the Board of Directors

- Peyo Vasilev Popov - independent member of the Board of Directors

with remuneration and tenure commensurate with the remuneration of the current non-executive members of the Board of Directors and the tenure of the current Board of Directors.

The Board of Directors as at 31.12.2022 includes the following members:

Chavdar Velizarov Dimitrov

Tsvetan Borisov Alexiev

Atanas Kostadinov Kiryakov

Georgi Parvanov Marinov

Yordan Stoyanov Nedev

Veselin Anchev Kirov

Yavor Ludmilov Djonev - independent member

Martin Veselinov Paev - independent member

Peyo Vasilev Popov - independent member

Determination of the mandate of the Board of Directors: 2 years from the date of entry.

The current mandate of the Board of Directors: 07.07.2024

The company is represented by the CEO of “Sirma Group Holding” JSC Tsvetan Borisov Alexiev.

Competencies of the management

The competences of the management are in line with those listed in the Commercial Law, the Statute and the POSA.

Stock options of the company

As of the date of this report, no options are available to the members of the Board of Directors on shares of the Company.

Rights of the members of the BD to acquire shares and bonds of the company

The rigts of the members of the BD to acquire shares in the company are regulated in the legal framework. The company does not have a bond issue.

Participation of the members of the BD of “Sirma Group Holding”JSC in other companies

The members of the BD of “Sirma Group Holding” JSC have the following other participations in companies, as per the provisions of Art. 247, Par.2, p.4 of the Commercial Code:

Georgi Parvanov Marinov – Chairman of the BD

<u>Data for activities external to the issuer</u>:

1. Does not participate as an unlimited liability partner in companies in 2022.
2. Does not own more than 25% of the capital of other companies in 2022.
3. Procurator/manager/member of a managing/supervisory body in 2022:
   - Executive director and Chairman of the BD of “Engview Systems Sofia” JSC;
   - Member of the BD of “Sirma Business Consulting” JSC;
   - Executive director and Member of the BD of “Pirina Technologies” JSC;

Chavdar Velizarov Dimitrov – Deputy Chairman of the BD

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in 2022.
2. Does not own more than 25% of the capital of other companies in 2022.
3. Procurator/manager/member of a managing/supervisory body in 2022:
    - Member of the BD of „Sirma Medical Systems“ JSC;

Tsvetan Borisov Aleksiev – Executive director and member of the BD

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in the last 5 years..
2. Does not own more than 25% of the capital of other companies in 2022.
3. Procurator/manager/member of a managing/supervisory body in 2022:
    - Executive director and Chairman of the BD of “Sirma Solutions” JSC;
    - Chairman of the BD of „Sirma Business Consulting“ JSC;
    - Member of the BD of “SAI” AD (Ontotext“ JSC);
    - Member of the BD of „Daticum“ JSC;
    - Member of the BD of „SIrma AI“ AD;
    - Member of the BD of “Engview Systems Sofia” JSC;
    - Member of the BD of „Sirma“ Sha., Albania.
    - Member of the BD of „Sciant“ AD;

Atanas Kostadinov Kiryakov - Member of the BD

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies.
2. Does not own more than 25% of the capital of other companies in 2022.
3. Procurator/manager/member of a managing/supervisory body in 2022:
    - Executive director and Member of the BD of “SAI” AD (“Ontotext” JSC);
    - Member of the BD of “Sirma Solutions” JSC;
    - Member of the BD of "Engview Systems Sofia" JSC;
    - Executive director and Member of the BD of „Sirma AI” AD.

Yordan Stoyanov Nedev – Member of the BD

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in 2022.
2. Owns more than 25% of the capital of:
    - “Susana and Vesko – SV” OOD – 75 %.
3. Procurator/manager/member of a managing/supervisory body in 2022:
    - Member of the BD of MAC „Bushido“;
    - Trustee of the foundation „Alexander“.
    - Member of the BD of „Sirma InsurTech“;
    - Member of the BD of SC Hanshi Association;

Veselin Anchev Kirov – Member of the BD

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in the last 5 years.
2. Does not own more than 25% of the capital of other companies in 2022.
3. Does not participate in managing other legal entities in 2022.

Yavor Ludmilov Djonev – independent Member of the BD

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in the last 5 years.
2. Owns more than 25% of the capital of other company in 2022:
   - “Djonev Consulting” EOOD – 100%.
3. Representing "Educational Transformation Foundation"

Martin Veselinov Paev – independent Member of the BD

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in the last 5 years.
2. Owns more than 25% of the capital of the following companies:
   - “Sortis Invest” EOOD – 100%.
   - “Sortis Group” EOOD – 100%.
3. Procurator/manager/member of a managing/supervisory body in 2022:
   - SORTIS INVEST EOOD – Manager
   - SORTIS GROUP EOOD – Manager
   - SORTIS VENTURES EOOD – Manager
   - SORTIS REAL ESTATE EOOD – Manager
   - SORTIS.BG EOOD – Manager
   - SORTIS Hospitality OOD – Manager
   - BP Bulgaria 2 EOOD – Manager
   - BP Bulgaria 3 EOOD – Manager

Peyo Vasilev Popov – independent Member of the BD

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in the last 5 years.
2. Does not own more than 25% of the capital of other companies in 2022
3. Does not participate in managing other legal entities.

Committees in The Company

“Sirma Group Holding” JSC creates the following internal committees, which are assigned to manage the respective activities at the operational level, as well as to propose decisions to the Board of Directors of the company:

1. **Investment and Risk Committee, composed of:**
   Yordan Nedev – chairman
   Tsvetan Alexiev – member
   Georgi Marinov – member

2. **Remuneration Committee, composed of:**
   Georgi Marinov – chairman
   Petar Statev – member (until 02.03.2023)
   Martin Paev – member (after 02.03.2023)
   Yordan Nedev – member

3. **Information Disclosure Committee, composed of**:
   Tsvetan Alexiev – chairman
   Stanislav Tanushev – member
   Chavdar Dimitrov – member
   Atanas Kiryakov - member

4. **Audit Committee, composed of**:
   Angel Petrov Kraychev - chairman
   Alexander Todorov Kolev - member
   Veselin Anchev Kirov – member

Accepted internal normative documents

In 2015 the company adopts the necessary internal documents related to the company's working and management processes and fulfillment of its obligations as a public company:

- Good Corporate Governance Program;;
- Operating Rules of the Board of Directors;
- Instructions and clarifications on the obligations and responsibilities of internal insiders;;
- Special code of conduct for financial and accounting positions.

All documents are publicly available on the company's website:
https://investors.sirma.com/investors/corporate-governance.html

The participation of members of the board of directors in the capital of the company is as follows:

Shareholders	Number of shares at 31.12.2022	Number of shares at 31.12.2021	Nominal value (BGN)	Value (BGN)	% Shareholding	% of voting rights
Georgi Parvanov Marinov	5 269 748	5 269 748	1	5 269 748	8,88%	8,89%
Tsvetan Borisov Alexiev	4 965 753	4 965 753	1	4 965 753	8,37%	8,38%
Chavdar Velizarov Dimitrov	4 750 786	4 750 786	1	4 750 786	8,00%	8,01%
Veselin Anchev Kirov	4 700 786	4 700 786	1	4 700 786	7,92%	7,93%
Atanas Kostadinov Kiryakov	2 887 524	2 887 524	1	2 887 524	4,86%	4,87%
Yavor Ludmilov Djonev	1 292 746	1 392 746	1	1 292 746	2,18%	2,18%
Martin Veselinov Paev	126 720	-	1	126 720	0,21%	0,21%
Yordan Stoyanov Nedev	3 433	3 433	1	3 433	0,01%	0,01%
Peyo Vasilev Popov	100	100	1	100	0,0002%	0,0002%
Total	**23 997 596**	**23 970 876**		**23 997 596**	**40,43%**	**40,48%**

During 2022 the member of the Board of Directors Martin Veselinov Paev acquired 126 720 additional shares of the capital of the company, and member Yavor Ludmilov Djonev has sold 100 000 shares.

Remuneration OF the key management personnel of the Group

	2022 BGN‘000	2021 BGN‘000
Short-term employee benefits:		
Salaries including bonuses	1 639	1 304
Social security costs	55	48
Total short-term employee benefits	**1 694**	**1 352**
Dividents	227	90
Total remunerations	**1 921**	**1 442**

Information on the contracts of the members of the administrative, management or supervisory bodies with the company providing severance pay

In the contracts of the members of the board of directors, both with the Company itself and with subsidiaries of the Company, where such contracts are available to them, no benefits have been provided upon termination of their contracts.

Information on the company's audit committee or remuneration committee, including the names of the members of the committee and a mandate summary by which the committee functions

At the Annual General Meeting of the Shareholders of the Company held on 24.06.2022 was decided to relieve the member of the Audit Committee Emiliyat Ivanov Petrov from his position and elected Veselin Anchev Kirov as a member of the Audit Committee. The mandate of the Audit Committee was continued with 3 (three) years at the current remuneration. The Audit Committee consisting of:

Angel Petrov Kraychev - chairman
Alexander Todorov Kolev - member
Veselin Anchev Kirov – member

Statement on whether the company complies or does not to the regime for corporate governance

In view of the fact that “Sirma Group Holding” JSC is entered in the Register under Art. 30, para. 1, item 3 of FSCA, kept by FSC, the Company has implemented a Program prepared in accordance with internationally recognized standards for good corporate governance. In accordance with the provision of Art. 100n, para. 4, item 3 of POSA, the financial statements of Sirma Group Holding JSC comply with its Program for the application of internationally recognized standards for good corporate governance and maintains its accounting policy in accordance with International Accounting Standards.

4 FUNCTIONING OF THE GROUP

The economic group of “Sirma Group Holding” JSC includes the parent company and its subsidiaries and associates - all of them operating in the IT sector. The Group functions as a typical holding structure with the organization, coordination and subordination of the companies characteristic of a similar structure. Group companies have a common strategic framework, corporate values, financial and accounting policies, a vision of good corporate governance and staff policy.

Subsidiaries of "Sirma Group Holding" JSC

Company	Value of the investment at 31.12.2022 (in BGN’000)	Percentage of capital at 31.12.2022	Percentage of voting rights* at 31.12.2022	Value of the investment at 31.12.2021 (in BGN’000)	Percentage of capital at 31.12.2021	Percentage of voting rights* at 31.12.2021	Changes (in BGN’000)
Sirma Solutions AD	39 686	80,11%	100,00%	39 311	77,71%	82,43%	375
SAI AD (Ontotext AD)	17 865	84,56%	100,00%	17 865	87,65%	90,44%	-
Sciant AD	10 237	80,00%	80,00%	10 237	80,00%	80,00%	-
Sirma Group Inc.	3 471	76,30%	76,30%	3 471	76,30%	76,30%	-
Sirma InsurTech AD (TBI Info AD)	914	55,00%	55,00%	-	-	-	914
Sirma CI	106	80,00%	80,00%	106	80,00%	80,00%	-
Sirma Medical Systems	66	66,00%	66,00%	66	66,00%	66,00%	-
Engview Systems	50	72,90%	72,90%	50	72,90%	72,90%	-
Ontotext AD (Sirma AI AD)	-	-	-	7 035	100%	100%	(7 035)

*Percentage of voting rights represents participation in the capital of the company net of the purchased own shares.

Subsidiaries of “Sirma Solutions”

Company	Value of the investment at 31.12.2022 BGN '000	Percentage of capital at 31.12.2022	Value of the investment at 31.12.2021 BGN '000	Percentage of capital at 31.12.2021	Changes BGN '000
Daticum AD	1 394	60,50%	1 394	60,50%	-
Sirma Business Consulting AD	1 374	54,08%	1 374	54,08%	-
Sirma ICS AD	270	90,00%	270	90,00%	-
S&G Technology Services	117	51,00%	117	51,00%	-
Sirma ISG OOD	4	71,00%	4	71,00%	-

Subsidiaries of “EngView Systems Sofia”

Company	Value of the investment at 31.12.2022 BGN '000	Percentage of capital at 31.12.2022	Value of the investment at 31.12.2021 BGN '000	Percentage of capital at 31.12.2021	Changes BGN '000
EngView Systems Germany	235	100%	156	100%	79
EngView USA	190	100%	190	100%	-
EngView Systems Latin America	7	95%	7	95%	-

Subsidiaries of "Sirma Group Inc."

Company	Value of the investment at 31.12.2022 BGN '000	Percentage of capital at 31.12.2022	Value of the investment at 31.12.2021 BGN '000	Percentage of capital at 31.12.2021	Changes BGN '000
Sirma Sha, Albania	25	55%	25	55%	-

Subsidiaries of “Sirma InsurTech”

Company	Value of the investment at 31.12.2022 BGN '000	Percentage of capital at 31.12.2022	Value of the investment at 31.12.2021 BGN '000	Percentage of capital at 31.12.2021	Changes BGN '000
HRM Solutions	150	100%	-	-	150

Subsidiaries of "Sciant"

Company	Value of the investment at 31.12.2022 BGN '000	Percentage of capital at 31.12.2022	Value of the investment at 31.12.2021 BGN '000	Percentage of capital at 31.12.2021	Changes BGN '000
ReSolutions	256	100%	-	-	100
Sciant Software s.r.o.	-	-	2	100%	(2)

Associated companies of “Sirma Solutions”

Company	Value of the investment at 31.12.2022 BGN '000	Percentage of capital at 31.12.2022	Value of the investment at 31.12.2021 BGN '000	Percentage of capital at 31.12.2021
Ontotext AD (Sirma AI AD)	20 511	23,80%	-	-
SEP Bulgaria	-	6,50%	-	6,50%

Information about participations

Apart from the Company's stated participations in item 4 above, there are no other participations of the Company that are likely to have a significant effect on the valuation of its own assets and liabilities, financial position or profits or losses.

The Company has no branches.

5 SIRMA GROUP IN 2022

5.1 THE BUSINESS

Established in 1992, Sirma has become one of the largest IT companies in the region for 27 years, owning a range of proprietary, innovative technologies, a diverse product portfolio and growing market share in Europe and North America.

Sirma owns software solutions for a wide range of businesses with a focus on the development of cognitive technologies (AI). The Group has diversified market exposure exclusively to the private sector with a stable customer portfolio. Sirma's services and solutions are concentrated in the most promising and high-tech areas - financial technologies, transport and logistics, hospitality and retail, industrial software, healthcare technologies. The group has a large sales and marketing capacity, actively uses cross-selling strategies and modern marketing mechanisms. Sirma has offices in Bulgaria, USA, UK, Canada, Germany, Sweden, Albania, Brazil and regional representatives and/or distributors in over 50 countries.

Sirma is a globally recognized company in areas such as financial technology, transportation and logistics, hospitality, healthcare technology and some classes of industrial technology. One of Sirma's products - EngView Package Designer Suite CAD is part of the packaging design and production solutions of world leaders in the printing industry. The Group is among the regional leaders of the IT market, with 60% of operators in the financial sector as clients. The Group's clients are among the world's largest logistics companies, the largest hotel chains, international banking and European institutions. One of the Group's products in the field of health care - Diabetes:M is in the Top3 global products for the fight against diabetes. Sirma has a strong presence in the US market, executing a huge number of IT consulting projects. One of the companies in the group - Daticum is a first-class regional provider of cloud services with a Class 4 Data Center, licensed for data storage by the BNB and other organizations requiring increased data security. Through one of its companies, the Group is a leader in the delivery of SaaS for insurance intermediaries. Our philosophy for our strategic technologies and solutions is that we embed a sense of human thought – perception, interpretation, prediction and decision making. AI-based technologies have been in Sirma's DNA since its inception. In 2022, Sirma sold a majority stake in one of its subsidiaries, Sirma AI, and in early 2023, its remaining stake in it. Sirma AI (now Ontotext AD) is a company founded by Sirma and working in the field of semantic technologies. The flagship product of Sirma AI is GraphDB – one of the best graph databases in the world. An undeniably successful company, Sirma AI has reached the level where in order to continue to develop successfully and compete with its strong American competitors (companies such as Neo4J, Microsoft, Amazon, Oracle, IBM) it needs very large investments, such as Sirma can not afford. The company was valued at nearly 30M euros, which is an excellent reference for Sirma's abilities to create and develop successful businesses. In the last 2 years, Sirma's strategy has changed dramatically. The realities of business are such that it is almost impossible to develop a product business without significant investments. That's why Sirma started positioning itself as a service company with deep expertise in several strategic verticals and powerful solutions, often supported by AI technologies. The main revenue, focus, marketing and growth are concentrated in the service-related activity - software development, IT consulting, system integration, cloud services, etc. This activity generates over 90% of the group's business. Sirma also retains an investment part - its product companies such as EngView and Sirma Medical Systems. R&D and product development is done in these companies. The companies and businesses in the investment part of the Group can be subject to investments - internal and external, they can be sold to a strategic buyer, as we have already proven that we can successfully do (the sale of Sirma AI). Growth in the main - service part of the company takes place organically and through acquisitions. Here, the model is clear, understandable for investors, with a fairly clearly established dependence "investment size - growth". The investment part is more risky, but the chances of a "breakout" or a "very successful deal" are also much greater.

Sirma's mid-term goal is to reach $100+ million in revenue and list on a major global exchange (most likely NASDAQ). Sirma's positioning at the time of listing will be:

• One of the largest Eastern European groups specializing in providing IT services

• R&D companies in several countries in South-Eastern and Eastern Europe, providing access to one of the world's most attractive IT specialist markets

• Companies, representative offices and distributors in over 50 countries around the world

• Specialization, know-how and solutions in several strategic industries

• Regional leader in a number of industries, very good global recognition, significant reference customers

• Revenues of more than 100 million dollars and attractive EBITDA

• Excellent working marketing and sales machine

• Promising investment part – product companies and businesses and companies in incubation

5.2 ECONOMIC TRENDS

Development of the economy in Bulgaria in 2022 and forecast for the future years

The Bulgarian National Bank reports a deterioration of Bulgaria's international situation at the end of 2022. Unfortunately, the processes caused by the war in Ukraine, disrupted supply chains, generated energy uncertainty and double-digit inflation led (as in all other countries) to limiting growth in 2022. BNB reports a slow growth of the Bulgarian economy in 2022 of 3.4%. The BNB (BNB, Macroeconomic Forecast December 2022) expects the slowdown in economic growth to continue in 2023 and to reach only 0.4% growth during the year.

The negative influences on the European economy are transferred entirely to the Bulgarian one. In addition, however, increased domestic demand, and relatively weak fiscal measures led to the strengthening of negative processes in the country. Recovery of economic growth to 3.4% is expected only in 2024 when the recovery of the European markets for Bulgarian goods and services is also expected.

Following the peak of inflation of 16.7% in 2022, it is expected to decrease to 4.2% at the end of 2023 and 3.3% at the end of 2024. On average for 2023, inflation is expected to sit at 7%.

The risks to the development of the Bulgarian economy in 2023, according to the BNB, are

- Escalation of the military conflict in Ukraine;
- Postponing the implementation of investment projects;
- A faster-than-expected rise in interest rates in the US and the EU;
- A slow rate of utilization of funds under European programs;
- Delayed implementation of the National Recovery Plan;
- Higher-than-expected inflation, as a result of prolonged retention of high prices of energy sources.

Development of the global economy in 2022 and forecast for the future years

In January 2023, the IMF (World Economic Outlook, January 30, 2023) forecast a decline in global economic growth from 3.4% in 2022 to 2.9% in 2023 and a recovery in growth in 2024 to 3.1%. However, a contraction in GDP or GDP per capita is no longer expected in recent years.

The IMF predicts that the highest inflation values have already passed (around the third quarter of 2022) and inflation is expected to decrease in the future. Global inflation is expected to fall from 8.8% in 2022, to 6.6% in 2023 and 4.3% in 2024 (remaining still above the pre-pandemic levels of 3.5%). Although the IMF's forecasts in January 2023 are more optimistic than those from October 2022, risks to the world's economic development still remain. These are: an escalation of Russia's war in Ukraine, an increase in debt distress due to higher interest rates and slowing growth, a potential persistence of inflation and a worsening health situation in China leading to a slowdown in China's economic recovery, a deepening of the geopolitical fragmentation which has begun in 2022.

Growth in advanced economies is expected to fall from 5.2% in 2021 to 1.2% in 2023. Central banks in advanced economies have sharply increased key interest rates. This measure, designed to fight inflation, is also contributing to the slowdown in the economy.

GDP growth in emerging economies is also slowing, from 6.6% in 2021 to 3.9% in 2022 and 4.0% in 2023, which is significantly below the average level of 4.8% over the period 2011-2019. The negative impact of the war in Ukraine will erode the increased revenues of some fuel-exporting countries.

The development of the world economy is moving in the exact opposite direction of inflation. GDP growth has contracted sharply since the start of 2022 and is expected to remain at relatively low levels (lower than the average for the last 10 years), in contrast to inflation, which set records for its growth in 2022.

Despite depressed economic growth in 2022, no (standard in such cases) recovery is expected in 2023. This is due to the various factors that hinder economic development and which are expected to persist in 2023 – high prices of consumer goods, food and fuels, as well as increased monetary restrictions and rising interest rates (aimed at fighting inflation). Moreover, limited development is accompanied by more than normal risks (for which the IMF has a higher than average expectation of realization).

The Industry of Sirma

The Sirma Group Holding companies specialize in the information technology (IT) industry. Industrial data is usually combined with data on the "communications segment" because this segment is completely dependent on information technology. Accordingly, the industry acquired the name "Information and Communication Technologies" or ICT for short. Out of all the variety of ICT segments, the companies in the group mainly work in the segments "IT services" (system integration, infrastructure as a service, software as a service, software support, consulting) and "Business software" (various software products and services aimed at different business verticals and custom software development).

The two main segments ("IT Services" and "Software") in which the Group operates were the fastest and most consistently growing in the past (Gartner, January 18, 2023). Historically, both segments have followed the same development trends. The two segments are seen as the solution to all problems arising from global economic uncertainty. The mass digitization that is unfolding relies precisely on "Software", for the various technological solutions and "IT services" through which these solutions can be implemented. This led to growth in both segments in 2022, as well as expectations for continued growth in 2023 and beyond.

Expectations for 2023 are that both segments will maintain their growth, albeit at slightly more moderate rates - 9.3% for "Software" and 5.5% for "IT Services". The growth of these two segments is expected to be sustainable in the coming years as well with CAGR 2020 – 2025 of 12% and 9% respectively.

Geographically, Sirma is focused on the world's leading markets (US, UK, and Europe), which are also expected to make the fastest return to normal IT spending before the Covid-19 pandemic.

Sirma is a B2B IT provider. Sirma's client portfolio - Digital Business (Consulting and Integration, Chatbots, IT Security and Software Development), Financial Institutions (Consulting, Integration, IT Security, Chatbots, and the products of Sirma Business Consulting AD), Insurance (The platform for insurance broker of Sirma), hospitality (Sciant), and healthcare (Sirma Medical Systems) show sustainable development and strong growth in 2022 and the following years.

The global ICT market in 2023 and forecast for the future years

After the rapid recovery from the COVID-19 recession in 2021 and the achieved sector growth of 10%, IT spending stagnated in 2022 (Gartner, January 18, 2023) - with limited growth of only 0.2% for the year. Another feature of the ICT market in 2022 was its multidirectional development - while the "Data Center" segment recorded double-digit growth of 12%, the "Hardware" segment shrank by approximately the same percentage (10.6%). In 2023, the ICT sector is expected to restore its "normality", as well as to resume its upward trend - growth of 2.4% in 2023:

Table 1. Worldwide IT Spending Forecast (Millions of U.S. Dollars)

	2022 Spending	2022 Growth (%)	2023 Spending	2023 Growth (%)
Data Center Systems	212,376	12.0	213,853	0.7
Software	783,462	7.1	856,029	9.3
Devices	722,181	-10.6	685,633	-5.1
IT Services	1,244,746	3.0	1,312,588	5.5
Communications Services	1,422,506	-2.4	1,423,367	0.1
Overall IT	**4,385,270**	**-0.2**	**4,491,471**	**2.4**

Source: Gartner (January 2023)

The ICT markets of consumers and corporate customers are experiencing different dynamics during the two years under review. While inflation erodes the purchasing power of individual consumers, businesses continue to invest in their digitization. It is because of some of the challenges in the world that the leading segment in 2022 is shaping up to be "Data Centers" with a growth of 12% year-on-year in current USD prices. The Software and IT Services segments remain in second and third place, expected to grow by 7.1% and 3%, respectively, in 2022. The big loser for the year turned out to be the Devices segment with a drop of as much as 10.6%. The negative impact of inflation on the purchasing power of "Devices" consumers around the world has led to the postponement of much of their purchases and technological renewal, resulting in a dramatic decline in the segment.

5.3. ADDITIONAL INFORMATION FOR 2022

IMPACT OF EXCLUSIVE FACTORS

The information in this report is not affected by the presence of exceptional factors.

SUMMARY INFORMATION RELATING TO THE STATE OF WHICH THE COMPANY DEPENDS ON PATENTS OR LICENSES, INDUSTRIAL, COMMERCIAL OR FINANCIAL CONTRACTS OR FROM NEW PROCESSING PROCESSES

Sirma Group Holding is not dependent on patents or licenses, industrial, commercial or financial contracts, as well as new production processes.

For all employees of the Company, it has the appropriate licenses for operating systems and application software for PCs and servers required for the normal workflow.

INFORMATION, CONCERNING SIGNIFICANT FACTORS, INCLUDING NON-ORDINARY OR RARE EVENTS OR NEW DEVELOPMENTS, THAT EXPRESSLY RENDER THE INCOME OF THE COMPANY'S ACTIVITY

There are no significant factors, including unusual or rare events or new developments that materially affect the Company's revenue and future investments.

SIGNIFICANT CHANGES IN NET SALES OR REVENUES DISCLOSED IN THE ACCOUNTS

Significant changes in net sales or earnings reported in the Company's accounts detailed in Section 9 of this Report are observed during the period considered.

INFORMATION ON GOVERNANCE, ECONOMIC, FISCAL, MONETARY POLICY OR POLITICAL COURSE OR FACTORS THAT SIGNIFICANTLY HAVE BEEN CONCERNED OR MAY CONTRIBUTE TO SIGNIFICANT, DIRECT, OR CONSEQUENTIAL ACTIVITY OF THE COMPANY

During the period under review, there were no factors of government, economic, fiscal, monetary or political factors that had a significant impact on the company's operations.

The main factors that may affect the Company's operations and how it manages the risk are described in the Risk Factors of this document.

5.4. MAJOR NEWS IN 2022

The following events and business news took place in 2022:

23.12.2022
Disclosure of the closing of a contract for sale of shares in Sirma AI JSC by the daughter company Sirma Solutions JSC. The contract requires approval of the sale by the GSM of Sirma Group Holding JSC.

23.12.2022
Disclosure of the approval by the Board of Directors of Sirma Group Holding JSC of a decision for the sale of shares in the daughter company Sirma AI JSC by the Board of Directors of another daughter company - Sirma Solutions JSC.

29.11.2022
Publication of the interim individual financial reports for the period ending on 30.09.2022 of Sirma Group Holding JSC.

14.11.2022
Publication of the Minutes from the GSM of Sirma Group Holding.

4.11.2022
Notification of the cancellation of two of the items of the Agenda for the upcoming GSM of Sirma Group Holding JSC by the FSC.

31.10.2022
Publication of the interim individual financial reports for the period ending on 30.09.2022 of Sirma Group Holding JSC.

18.10.2022
Disclosure of an acquisition of an enterprise in Albania by the daughter company of Sirma Group Holding JSC – Sciant JSC.

06.10.2022
Notification of a change in the date for the convening of the GSM of Sirma Group Holding, publication of a new Invitation and corresponding documents.

04.10.2022
Notification for the sale of shares of Sirma Group Holding JSC by the related company to a member of the Board Yavor Djonev – “Foundation for Educational Transformation” on 16 and 22.09.2022. Information about these transactions was received in SGH on 03.10.2022.

01.10.2022
Publication of the documents for the upcoming GMS of Sirma Group Holding JSC.

30.09.2022
Publication of the Invitation for convening a GMS of Sirma Group Holding JSC.

30.09.2022
Notification of the acquisition of the commercial enterprise Empiriu by the daughter company Sirma Business Consulting JSC.

30.09.2022
Notification of purchase of shares by a member of the Board of Sirma Group Holding JSC Martin Paev on 28,29 and 30.09.2022.

29.09.2022
Notification of purchase of shares by a member of the Board of Sirma Group Holding JSC Martin Paev on 26 и 28.09.2022.

19.09.2022
The shares of Sirma Group Holding JSC are again included in the prestigious indexes at the Bulgarian Stock Exchange – Sofia: BGBX40, SOFIX and BG TR30.

14.09.2022
The recently acquired company TBI Info AD changed its name to Sirma InsureTech JSC.

01.09.2022
Notification of the successful execution of all obligations of the parties in the deal for the sale of shares in Sirma AI JSC.

29.08.2022
Disclosure of the interim consolidated financial results for the period ending on 30.06.2022 of Sirma Group Holding JSC.

08.08.2022
Start date for the payment of dividends to the shareholders of Sirma Group Holding JSC for 2021.

01.08.2022
Disclosure of the interim individual financial results for the period ending on 30.06.2022 of Sirma Group Holding JSC.

15.07.2022
Disclosure of the rules for distribution of dividends by Sirma Group Holding JSC.

05.07.2022
Disclosure of the acquisition of the majority shares of the company TBI Info AD.

28.06.2022
Publication of the decision of the GMS of Sirma Group Holding JSC to distribute dividends for 2021.

27.06.2022
Publication of the Protocol from the GMS of Sirma Group Holding JSC.

24.06.2022
Interview of the CCO of Sirma Solutions Momchil Zarev by the financial vlogger Georgi Mitev.

14.06.2022
Disclosure of additional item to the proposed Agenda of the GMS of Sirma Group Holding JSC.

14.06.2022
An interview article in Investor.bg of the CEO of Sirma Group Holding JSC Tsvetan Alexiev.

10.06.2022
Disclosure of sale of 2 906 349 shares of Sirma Group Holding JSC stock by related company Sirma Solutions JSC.

10.06.2022
Disclosure of the transformation of the shares of the daughter company Sirma Solutions JSC into shares of Sirma Group Holding JSC.

10.06.2022
Disclosure of the sale of 499 628 own shares by Sirma Group Holding JSC.

09.06.2022
Sirma Group takes part in the fintech expo Money 20/20 in Amsterdam.

08.06.2022
Disclosure of additional item to the proposed Agenda of the GMS of Sirma Group Holding JSC.

03.06.2022
Disclosure of approved project by the Board of Directors of Sirma Group Holding JSC for the acquisition of the majority shares of the IT company TBI Info AD.

01.06.2022
Disclosure of purchase of 517 452 shares of Sirma Group Holding JSC stock by related company Sirma Solutions JSC.

30.05.2022
Disclosure of the interim consolidated financial statements of Sirma Group Holding JSC for the period ending on **31.03.2022.**

17.05.2022
Disclosure of accepted offer by the BD of Sirma Group Holding JSC for the sale of the majority shares in Sirma AI JSC.

17.05.2022
Disclosure of the increase of capital of the daughter company of Sirma Group Holding JSC – Sirma AI JSC.

17.05.2022
Publication of the Invitation for the Annual General Meeting of Shareholders of Sirma Group Holding JSC.

12.05.2022
Disclosure of purchase of 150 000 shares of Sirma Group Holding JSC stock by related company Sirma Solutions JSC.

09.05.2022
Disclosure of purchase of 150 000 shares of Sirma Group Holding JSC stock by related company Sirma Solutions JSC.

03.05.2022
Disclosure of the interim individual financial statements of Sirma Group Holding JSC for the period ending on 31.03.2022

28.04.2022
Sirma celebrates its 30-th anniversary.

21.04.2022
Interview of the CCO of Sirma Solutions Momchil Zarev by Forbes magazine on the topic of the digital transformation of the financial industry.

19.04.2022
Sirma Group Holding JSC took part in “Accelerate Green” forum organized by the Green Energy and Finance Cener.

07.04.2022
Disclosure of purchase of 250 000 shares of Sirma Group Holding JSC stock by related company Sirma Solutions JSC.

31.03.2022
Disclosure of purchase of 105 000 shares of Sirma Group Holding JSC stock by related company Sirma Solutions JSC.

30.03.2022
Disclosure of audited annual individual reports of Sirma Group Holding JSC for 2021.

29.03.2022
Angelica Kabaivanova - Director of Business Development and Marketing at Sirma Solutions represented Sirma Group at AxisTlv22 in Tel Aviv, Israel.

07.03.2022
Disclosure of share purchase of Sirma Group Holding JSC stock by related company Sirma Solutions JSC.

04.03.2022
Georgi Tsekov is the new Executive director of the daughter company of Sirma Group Holding JSC Daticum JSC.

01.03.2022
Disclosure of interim quarterly consolidated reports of Sirma Group Holding JSC for the period ending on 31.12.2021.

28.02.2022
Momchill Zarev, Chief Commercial Officer and Mark Belane, Director of Strategic Partnerships at Sirma Solutions took part in Connectivity Unleashed – the Mobile World Congress in Barcelona.

31.01.2022
Disclosure of interim quarterly individual reports of Sirma Group Holding JSC for the period ending on 31.12.2021.

5.5. MAIN LEGAL INFORMATION IN 2022

- **Sale of an investment in a subsidiary**

On 18 January 2022, “Scaint” AD sold its investment in the subsidiary Sciant Software s.r.o in the Czech Republic for the amount of CZK 142,73.

- **Purchase and sell of shares from a subsidiary**

In 2022 the subsidiary “Sirma Solutions” has acquired additional 1 500 952 shares from the capital of “Sirma Group Holding” JSC for the amount of BGN 919 524 and sold 2 906 349 shares for the amount of BGN 2 179 762.

- **Sell of purchased own share of the Company**

On 09.06.2022 „Sirma Group Holding“ JSC sold 499 628 purchased own shares at an average price of BGN 0.75 per share, for a total value of BGN 374 721.

- **Concentration of ownership of a subsidiary**

On 09.06.2022, pursuant to the Strategy of „Sirma Group Holding“ JSC for ownership concentration, the shareholders of the subsidiary „Sirma Solutions“, who are also its employees, transformed their investments from shareholders of „Sirma Solutions“, into shareholders of „Sirma Group Holding“ JSC. At the same time, „Sirma Group Holding“ JSC became the sole owner of „Sirma Solutions“.The transactions for sale/purchase of shares of “Sirma Solutions” and „Sirma Group Holding“ JSC were executed on the over-the-counter market at current market prices. The following two positive effects are achieved through these transactions:

a. Synchronization of the interests of the key employees of the largest company in Sirma Group - „Sirma Solutions“, with those of the parent company, through their transformation from shareholders in „Sirma Solutions“ to shareholders in „Sirma Group Holding“ JSC;

b. „Sirma Group Holding“ JSC becomes the sole owner of its largest company „Sirma Solutions”, which remain the only member of the Sirma Group to hold shares in the capital of „Sirma AI“, for which a sale is planned in 2023 and the remaining share of "Sirma AI" AD to an investment company.

- **Acquisition of a majority stake in "TBI Info" AD**

On 05.07.2022, pursuant to a decision of the Board of Directors of “Sirma Group Holding” JSC, a majority stake in the shares of the IT company “TBI Info” AD and its subsidiary “HRM Solutions” AD was acquired. A transaction has the following parameters:

• Number of employees: “TBI Info” AD has over 40 employees;

• Revenues: over BGN 3 million for 2021;

• Specialization: IT in the insurance sector and human resources management;

• Size of the acquired share of the company: 55% (fifty-five out of one hundred) of the shares of the company “TBI Info” AD.

With this deal, "TBI Info" AD officially becomes a member of Sirma Group.

- **Finalization of a transaction on the sale of a majority stake in the subsidiary "Sirma AI" AD**

In 2022 "Sirma AI" AD carried out the following transactions in connection with additional reserves for capital increase, formed in 2019 ,in the amount of BGN 64 361 096 in total:

1. On 02.03.2022, a contract for the transfer of receivables was signed, according to which "Daticum" AD transfers its receivable from "Sirma AI" AD in the amount of BGN 1 241 786.93 to "Sirma Group Holding" JSC.

2. On 02.03.2022, Sirma Group Inc. USA transfers its claim from "Sirma AI" AD in the amount of BGN 416 009.45 to "Sirma Group Holding" JSC.

3. On 16.05.2022, an increase in the capital of “Sirma AI” AD was announced through a contribution of receivables to the Registry Agency of the Commercial Register. After the increase of the capital and the issuance of shares, a reserve was formed from the issuance of shares in the amount of BGN 4 641 thousand.

On 01.09.2022, all actions regarding the sale of shares from the capital of "Sirma AI" AD to "New Frontier Technology Invest" SARL were finalized, according to the decision of the General Meeting of Shareholders of the majority owner "Sirma Group Holding" JSC from 24.06.2022 as follows:

• Subsidiary whose shares are subject to sale: “Sirma AI” AD;

• Valuation of the entire company "Sirma AI" AD: EUR 28 500 000;

• Buyer of shares: "New Frontier Technology Invest" SARL ("New Frontier Technology Invest" SARL), entered in the Luxembourg Trade Register under No. B267936;

• Sellers of shares: "Sirma Group Holding" JSC, "Sirma Solutions" AD and "Ontotext" AD;

• Proceeds from the sale: The total sale price for the shares sold by "Sirma Solutions" AD, "Ontotext" AD and "Sirma Group Holding" JSC is in the amount of BGN 38 207 140 (EUR 19 535 000), with the share of "Sirma Group Holding" JSC of BGN 12 909 874 (EUR 6 600 714);

• Additional conditions: the buyer has contributed funds to increase the capital of "Sirma AI" AD with a cash contribution of EUR 10 750 000;

• Shareholding distribution after the capital increase: 76.2% of the company's capital belongs to "New Frontier Technology Invest" SARL, with "Sirma Solutions" AD retaining a share of 23,80% of the capital.

As a result of the received cash and the transferred shares, the commitments of all parties to the transaction have been completed.

- **Acquisition of a new commercial enterprise by a member of the Group**

On 30.09.2022, the subsidiary of "Sirma Group Holding" JSC - "Sirma Business Consulting" AD acquired "Empiriu" EAD as the commercial enterprise under Article 15 of the Commercial Law. More information about "Empiriu" EAD:

• Number of employees: "Empiriu" EAD has 12 employees;

• Revenues: over BGN 1,5 million for 2021;

• Specialization: IT in the field of financial software;

• Markets: financial institutions mainly in Bulgaria.

The Board of Directors of "Sirma Group Holding" JSC and "Sirma Business Consulting" AD consider the potential synergy with the experts from the Holding companies and in particular with those from "Sirma Business Consulting" AD.

- **Acquisition of a new company in the Group**

On 18.10.2022, the subsidiary of "Sirma Group Holding" JSC - "Sciant" AD acquired 100% of its foreign partner - the company “ReSolutions” Shpk, registered in Albania. The transaction was entered in the Albanian Commercial Register on 15.11.2022. Details of the transaction:

• Capital of ReSolutions LLC: 100 000 albanian lek;

• Number of employees: ReSolutions has 25 employees;

• Final payment of the acquisition: 31.12.2022;

• Revenues for the period 01.01.2022 - 06.30.2022: 33 022 000 albanian lek (around BGN 560 000);

• Specialization: development and implementation of business software.

The Board of Directors of "Sirma Group Holding" JSC and "Sciant" AD consider the potential synergy with the experts from the Group companies and in particular with those from "Sciant" AD and Sirma Sha in Albania.

Litigation for the period 01.01.2022 - 31.12.2022:

There are no lawsuits filed against the company for the period.

Other legal information for the period 01.01.2022 - 31.12.2022:

- **Dividend payment**

According to the decision of the General Shareholders' Meeting of „Sirma Group Holding“ JSC dated June 24, 2022, the company proceeds with the distribution of a cash dividend in the gross amount of BGN 0.0236 per share.

ISIN: BG1100032140

Total amount of the dividend: BGN 1 400 000

Right to receive dividend: According to the decision of the General Meeting of Shareholders, all shareholders of „Sirma Group Holding“ JSC as at 8 July 2022 have the right to receive a dividend (14 days after holding the meeting, according to Art. 115c, Para. 3 of the POSA), as they are entered in the Book of Shareholders at the Central Depository AD. Shares with a right to dividend: 59 275 672 (deducted 84 84 bought back shares).

Dividend amount for one share: gross BGN 0.0236 and net for individual shareholders BGN 0.0224.

The bank through which the dividend will be paid is the Sevlievo branch and the Central branches of United Bulgarian Bank AD (UBB AD), as indicated at any time in the List of central branches of UBB AD on the website of UBB AD www.ubb.bg , which can also be accessed at the following link: https://www.ubb.bg/offices/central-offices

Start date for dividend payment: August 08, 2022. End date for dividend payment: February 2, 2023 (six months after the start date).

- **Change of name of a subsidiary of "Sirma Group Holding" JSC**

On 02.09.2022, "TBI Info" AD - a subsidiary of "Sirma Group Holding" JSC, changed its name to "Sirma InsurTech" AD.

5.6 INFORMATION FOR CONTRACTED LARGE TRANSACTIONS IN 2022

In 2021, the company made several large contracts with customer and subcontracts, in connection with the new strategy of the Group:

Purchases:
• Deal 1 for BGN 5 368 thousand
• Deal 2 for BGN 2 226 thousand
• Deal 3 for BGN 1 779 thousand

Sales:
• Deal 1 for BGN 7 344 thousand
• Deal 2 for BGN 6 040 thousand
• Deal 3 for BGN 2 261 thousand

5.7 INFORMATION OF THE USED FINANCIAL INSTRUMENTS IN 2022

In 2022 the Group has not used any financial instruments.

5.8 R&D ACTIVITY OF THE GROUP IN 2022

The strategy for growth and development of Sirma Group Holding JSC forsees the concentration of the intellectual property of the Group in the Holding company. This concentration also implies the concentration of the Group's research and development activities at Sirma Group Holding JSC. Implementation of this process started in 2018.

The total value of the investments made in research and development in 2022 amounts to BGN 3 497 thousand.

5.9 POSSIBLE FUTURE DEVELOPMENT OF THE GROUP

The forecasts for the development of the Information and Communication Technologies sector in 2022 and the following years are a function of the expected development of the health crisis, as well as of the effects caused by the ongoing military actions in Ukraine and the resulting economic crisis.

Although a direct impact of the war in Ukraine on the ICT sector is not expected, it will strengthen other risks for the global economy – inflation, volatility of exchange rates, difficult supply chains, geopolitical uncertainty. In addition, the BNB expects the postponement of the implementation of investment projects, the slow rate of absorption of funds under European programs and the delayed implementation of the National Recovery Plan to be associated risks in 2023. The annual budget has been prepared taking into account the current situation in order to maintain stable financial performance.

In 2023 "Sirma Group Holding" JSC plans to acquire the rest of the capital of "Sciant" AD, thereby becoming a 100% owner.

The Group is in a continuous process of searching for companies in which to invest in order to improve the profitability of the company's shares.

The Group reports liabilities on loans received. The Group does not expect its revenue to shrink to such an extent that it will affect its ability to repay its current borrowings.

5.10 CONTRACTS UNDER ART.240B OF THE COMMERICAL CODE IN 2022

During 2022 the Group has not been notified for contracted transactions with the members of the Board of Directors or parties related to them, which fall outside the line of activity of the company or the terms of which differ substantially from the current market.

5.11 AUDIT RENUMERATION IN 2022

„Grant Thornton" OOD, registered under number 032 in the public register of audit companies at the Institute of Certified Public Accountants in Bulgaria, was selected as the auditor of the consolidated annual financial statements of „Sirma Group Holding" JSC. The renumeration for the independent financial audit of the consolidated annual financial statements of the parent company and the annual financial statements of its subsidiaries for 2022 amounts to BGN 179 thousand.

6 RESULTS BY COMPANY

DATICUM

- **https://www.daticum.com/**
- **Datium JSC is a subsidiary of Sirma Solutions AD**
- **Capital:** BGN 2 302 049 divided into 2 302 049 registered materialized shares with a nominal value of BGN 1 with the right to vote, the right to dividend and a liquidation share according to the participation in the capital. Sirma Solutions AD holds 1 392 740 shares or 60.5% of the capital.

Main markets:

Bulgaria, North and South America, Europe

Main clients:

The main clients of the company are the following industries - insurance, ICT, utilities, media and information services, industrial production, wholesale and retail, transport and courier services.

Main competitors:

International companies providing cloud services such as Amazon, Google (Alphabet), Microsoft, IBM and others. At the local level, competitors can be considered "Netera" OOD, "Evolink" AD, "Telepoint" OOD, "3DC" EAD, SuperHosting.BG EOOD.

Business model of the company

The Company's core business model is to build infrastructure to provide computing resources for data processing and storage and to provide these resources for a fee to a wide range of customers who prefer not to maintain such infrastructure or have a temporary need for these resources.

Resources of the company

The company has the necessary resources and is able to invest in the development of its business without using debt capital.

New products, new business or business models for the period

The company focused on consolidating its market positions and expanding its IaaS and PaaS cloud services. Thanks to our partners, we can now offer a new Remote Backup as a Service, through which we can back up our data center data from client servers and end user devices regardless of their geographic location. Along with the increasing tendency of customers to use leased computing resources on a monthly use basis, there is a similar tendency on the part of the company's suppliers to switch to business models for the provision of licenses and services based on monthly consumption.

HR policy

Preserve current staff. Maintaining and increasing its qualification through training, courses and participation in affiliate programs. Staff costs are rising in line with an increase in business volumes by up to 10-15% per year.

Daticum in 2022

Business development in 2022 and realization of the investment plan

- Daticum integrates the PaaS software platform, which allows end users to manage leased virtual resources as well as provide new ones using a user-friendly interface. In addition to the main functionalities, the platform offers the possibility of integration with various public cloud infrastructures as well as the provision of edge technologies in the form of Docker hosts, KVM and Kubernetis clusters.

- Datcum began to recover the level of revenues from before the announcement of the epidemiological situation and the subsequent negative results for the economy.

- Despite the crisis, Daticum continued to invest in upgrading and improving the cloud infrastructure, as well as the data center in general, in order to provide even better services to its customers.

Important events

- In 2022, there was a significant increase in the interest of our customers in expanding the currently used services and integrating new ones from Daticum's portfolio.

- Daticum successfully completed two system integration projects in two large Bulgarian companies..

- Daticum strengthened its marketing initiatives, with the aim of greater recognition of the company's brand. Site modifications were made in this regard, as well as Daticum's participation in various media. We have further strengthened our presence on the Internet.

- The war in Ukraine has led to adverse economic consequences for the prices of fuel, electricity and hardware. There is also a significant delay in deliveries.

Business development in 2022 and realization of the plan

- The company's revenues in 2022 exceed those set in the business plan by more than 1,5%.

- The company's revenues for 2022 exceed those for the same period in 2021 by more than 30%. Much of this growth is due to variable revenues such as electricity and compensation for the same, but also supply of hardware on projects. These activities are complementary and not core to the company.

- The company's profit is 18.59% higher than in 2021

- The total revenue from core services in 2022 is 7,23% more than in 2021.

- Revenues from cloud services exceed those set in the plan for 2022.

- A small but permanent decline in the demand for rental hardware is observed. This can be explained by the rising cost of electricity and the growing demand for cloud services as an alternative solution.

Perspectives and forecasts for 2023

The war in Ukraine and its adverse economic consequences concerning the prices of fuels, electricity and hardware equipment further aggravate the global economic crisis. The crisis with rising electricity prices will continue to negatively affect our services, especially in the colocation part.

More than 10% growth of the main revenues for 2023 is set.
Greater growth in usage of our cloud platform is expected at the expense of services such as colocation and hardware rental.

We expect the investments made in equipment and software to have their effect towards the end of 2023.

FINANCIAL RESULTS

	31.12.2022	31.12.2021	Change	Change %
Revenues	3 529	2 715	814	29,98%
EBITDA	1 103	936	167	17,84%
Depreciation	(296)	(253)	(43)	17,00%
Net Result	721	608	113	18,59%
EBITDA margin	31,26%	34,48%	(3,22%)	(9,34%)
Net Profit margin	20,43%	22,39%	(1,96%)	(8,77%)
Sales per share	1,5330	1,1794	0,35	29,98%
EPS	0,3132	0,2641	0,049	18,59%
ROE	0,2215	0,1936	0,028	14,43%
Total Assets	4 090	4 146	(56)	(1,35%)
Intangibles	281	313	(32)	(10,22%)
Book value	2 974	2 828	146	5,16%
Equity	3 255	3 141	114	3,63%
Total Liabilities	835	1 005	(170)	(16,92%)
Interest bearing	429	498	(69)	(13,86%)
D/E	0,2565	0,3200	(0,06)	(19,83%)
ROA	0,1763	0,1466	0,030	20,21%

SIRMA SOLUTIONS

- **http://www.sirmasolutions.com**
- **Sirma Solutions is a subsidiary of Sirma Group Holding JSC**
- **Capital: BGN** 35 370 800
- Shares:
  - Ordinary, Number: 3 444 366, Nominal: BGN 10 Rights: Every ordinary share entitles one vote to the general meeting of shareholders as well as a right to dividend and a liquidation quota proportional to the nominal value of the share.
  - Class A, Number: 15 000, Nominal: BGN 10 Rights: Class A shares are preferred non-voting shares with a guaranteed dividend amounting to 12% of the nominal value.
  - Class B, Issue: 77 714, Nominal: BGN 10 Rights: Class B shares are right and have a voting right and a liquidation quota in proportion to the nominal value of the share.

  The company owns 703 689 own shares with nominal value of each share BGN 10.

SIRMA SOLUTIONS IN 2022:

General information

“Sirma Solutions” JSC is a global provider of complex software systems, IT consulting and system integration, in various industrial verticals. Founded in 1992, the company is the largest in the Group. Since its inception, Sirma Solutions has developed organically, thanks to the unique combination of innovative spirit, solid technology expertise and business flair.

The company specializes in the creation of corporate software systems and solutions, system integration and IT consulting for both specific industries and multi-industrial solutions. Sirma Solutions JSC is among the leading Bulgarian software developers, thanks to its excellent reputation, proven expertise and comprehensive know-how used in software product development and the successful implementation of numerous complex projects for clients on a regional and global scale.

The company maintains excellent relationships with leading software and technology vendors for the fastest growing industries, as well as independent software companies. Also, there are excellent interactions with the other holding company, which ensures the successful realization of projects, regardless of the degree of complexity. Depending on the size and complexity of a project, the company has access to an expanded range of resources from over 500 people.

Sirma Solutions is Microsoft Gold Partner, IBM Advanced Partner, Oracle Gold Partner, HP Preferred Gold Partner, and so on. The company is certified to ISO 9001: 2015 and ISO 27001: 2005 to meet the regulatory and contractual requirements in terms of security and data integrity and IT management.

BUSINESS ACTIVITY OF SIRMA SOLUTIONS IN 2022

Market in North America

Over the years, Sirma Solutions has managed to build an excellent name on the market for software services in the United States, as the teams in Bulgaria and the United States manage to deliver them efficiently and on time without a failed project. This leads to a high percentage of loyal sustainable business (over 80%). We believe that our existing contracts are low to medium risk for continuity or in other words, we do not expect existing customers to change our services with other competing companies.

As a result of the pandemic and the logistical problems that have arisen, some of our customers (especially in the automotive sector) are experiencing supply difficulties. However, orders for IT services and software development are increasing due to the general desire of enterprises to digitize. We believe that this market will remain strong in the coming years.

Sirma maintains and develops its position on the American market. In the first half of 2022 we managed to negotiate a 20% increase in prices for the projects we are working on.

In 2022, work continued on projects launched last year - the PureInfluencer platform (powered by Kanin.io technology), the 1Healt.io platform (a platform to connect their customers / suppliers / partners), automotive projects (for the development of software for monitoring the process of car service and for the development of a universal multi-channel communicator customer-dealer).

In 2022, we began work on a start-up project for Kayzor, Florida. The project envisages the full development of an online platform for car sales.

European Market

The European part of the business of the professional services company in 2022 continued work on active projects from 2021, like:.

- contract for development of a document and workflow management platform for a big client in Albania

- contract for the upgrade of the cloud infrastructure of a large mining company

- Implementation of an innovative chat bot solution in a large bank in Bulgaria;

- Implementation of a solution for regulatory reports;

- Delivered Oracle Financials module and Oracle Infrastructure for a major international payment services operator;

- Renewal of a contract for maintenance of the IT equipment for the data center of one of the top 5 banks in Bulgaria

- Development of the module for internet banking of one of the leading banks in Bulgaria;

- Development of omni-channel solution for one of the leading banks in Bulgaria.

- Online portal for SaaS services of Temenos

- Contract with Amadeus for the development of their administration platform for servicing large tourist agencies

In 2022, a contract was signed with a large bank in Spain for the complete development of its online payment system. Another large contract has been signed with a client in the field of cryptocurrencies, for which we need to provide system integration and cyber security systems for their new office in Bulgaria.

During the period, marketing and sales departments have traditionally focused on financial services and artificial intelligence, where Sirma feels like a regional leader, and efforts have opened up several opportunities to launch new projects in these areas.

Public sector

During 2022 the public sector continued the active work on the long-term projects contracted in 2020 and 2021:

- building the overall IS for managing the activities of the Financial Mechanism Office (EEA Grants, Brussels),

- the gradual construction of the MusIT IS for managing the activities of MusicAuthor

- the gradual construction of CAIS EOP of PPA

- development of the system for electronic protocols at the National Health Insurance Fund

- the development of a disaster-recovery data center of the NHIF

- development of software for allocating flight schedules for an air traffic controller

- development of software for monitoring and control of the qualification of technical personnel for an air traffic controller

The provision of warranty and out-of-warranty support for all key state-owned state-owned IT systems continued:

- the complete operating system eBDZCargo of BDZ-Freight and a module for data exchange with the Lukoil refinery

- the overall IS of the NSCLC, maintaining the registers of health care and playing a key role in the field of e-health,

- IS of the Prosecutor's Office

- Renovation of the application system in kindergartens and upgrading the system to manage the application process in first grade;

- Migration to Oracle Cloud on Premise of a large company in the aviation industry, as well as for technological modernization of the ATCObell system.

The rise of the IT industry has also affected many of the projects that were suspended or postponed due to the pandemic, with a focus on projects that are of great importance for the activities of the respective contracting authorities.

System integration

For 2022, the system integration team renewed its partnership status with suppliers such as:

- Cisco Systems

- PaloAlto Networks

- Acquisition of new competencies and expertise with Oracle

Given the outbreak logistic crisis, we see a global shortage of components needed (chips) to build computers, server and communication equipment. This leads to a large delay in deliveries and difficulties in the implementation of already concluded contracts.

Despite its difficulties, the business unit for system integration achieved its goals for the first nine months of 2022.

During the nine months of the year, some of the more significant projects include:

- Expansion of the cloud infrastructure of Daticum

- A renewed contract to maintain the core infrastructure of an international payment services company

- Contract for hardware and system integration with the Bulgarian branch of a German financial company

- Contract for maintenance of the data center of one of the top 5 banks in Bulgaria

- Delivery of hardware for more than BGN 1.3 million to our clients, overcoming the logistical disruption and chip-insufficiency

- Delivery of network infrastructure for a government institution

- Delivery of the equipment for the Disaster Recovery Center of the National Health Assurance Fund

- Delivery of cloud access with Oracle on premise to the NHAF under a long-term contract

- Delivery of Vertica (big data analysis software) for over BGN 0.5 million to an international fintech company

- Delivery of Veracode (cyber security software) for over BGN 0.5 million to a customer in the software sector

- Delivery of GPU servers for over BGN 0.5 million for a client from the financial sector

- Renovation of the network information system of the leader in logistics services in Bulgaria - Discordia

FINANCIAL RESULTS

	31.12.2022	31.12.2021	Change	Change %
Revenues	38 426	32 923	5 503	16,71%
EBITDA	(2 008)	3 354	(5 362)	n/a
Depreciation	(1 799)	(2 253)	454	(20,15%)
Net Result	(3 431)	980	(4 411)	n/a
EBITDA margin	(5,23%)	10,19%	(15,41%)	n/a
Net Profit margin	(8,93%)	2,98%	(11,91%)	n/a
Sales per share	1,0864	0,9308	0,16	16,71%
EPS	(0,0970)	0,0277	(0,125)	n/a
ROE	(0,0961)	0,0196	(0,116)	n/a
Total Assets	52 717	67 603	(14 886)	(22,02%)
Intangibles	5 867	6 459	(592)	(9,17%)
Book value	29 819	43 486	(13 667)	(31,43%)
Equity	35 686	49 945	(14 259)	(28,55%)
Total Liabilities	17 031	17 658	(627)	(3,55%)
Interest bearing	3 678	8 540	(4 862)	(56,93%)
D/E	0,1031	0,1710	(0,068)	(39,72%)
ROA	(0,0651)	0,0145	(0,0796)	n/a

SIRMA INSURTECH AND HRM SOLUTIONS

“Sirma InsurTech” AD is a subsidiary of “Sirma Group Holding” JSC

- **Share Capital: BGN 396 000**

Shares:

- **Ordinary Shares, Number: 396 000, Nominal: BGN 1.**
- **“Sirma Group Holding” JSC owns 55% of the capital of the company.**

The company has been part of Sirma Group since the beginning of July 2022, with the main goal of concentrating within itself and developing the technological and business knowledge of the Group in the field of insurance.

Conditions for the business development in 2022

Sirma InsurTech operates in the financial non-banking sector, with the main focus on insurance. Insurance companies, as well as Brokers, are in their early stage of digital business transformation, which in recent years was catalyzed as a process mainly by the pandemic Covid situation, but also by the change in the profile and requirements of users of insurance services. In order to continue to exist and to meet the needs of their increasingly demanding customer, otherwise rather clumsy and resistant to change, insurance companies are forced to turn to consulting services and new technological solutions that the IT sector offers, building long term partnership and business.

The company has its almost 20-year rich history in consulting services in the IT sphere, as well as in the implementation and development of software solutions for business management. The main expertise and experience is in the field of insurance as a specific area of non-banking financial services. On the one hand, the company continues to be a trusted partner of its current customers on the way to the digitization of their business processes, and on the other hand, the specific know-how in the field became the basis for creating the first own product (Sirma InSuite), developed on the basis of the Creatio platform. The product aims to help insurance companies easily integrate a CRM solution with existing insurance systems, which will lead to the automation of part of the business processes and increase efficiency, while at the same time improving the customer experience and increasing their satisfaction. The solution can be implemented in any existing ecosystem at an extremely competitive price, taking into account all the specifics of the business process and relationships between the entities of the particular insurer. A potential customer is any insurance company, regardless of its location, product portfolio or size. The solution can also be used by Brokers or other types of insurance intermediaries. The model of use of the solution is on a subscription, license basis. The initial implementation will be done by the Company's team, and the one-time price for implementation and configuration will be estimated according to the specific client and the scope of the project.

The creation of Sirma InSuite was made possible thanks to the company's partnership with CREATIO. The team includes certified consultants, architects and developers who have the necessary knowledge and skills to implement standard CREATIO solutions for any business other than insurance.

Another business line is the development of custom solutions in the field of insurance. The company has a team that has developed legacy systems for life insurance and pension insurance. Bespoke solutions continue to occupy an extremely large share in insurance companies, due to the specifics of each individual company.

Regional and international factors, reflected on the business of the company

The company has business in Bulgaria and potential for development in Europe, as the solutions it offers for insurance are applicable in any type of company, regardless of the location and the specifics of the environment. The processes that catalyze the digital transformation of insurers are the same in Bulgaria and around the world , and the solution we offer can become part of any existing ecosystem

At the European level, Sirma InsurTech is the only representative of CREATIO that has specific expertise related to insurance.

Business development in 2022 and realization of the investment plan

In 2022 Sirma InsurTech continued to fulfill its strategic objectives:

• At the end of October 2022, successfully completed and published its Sirma InSuite product on the Creatio marketplace.

• Started work on upgrading the product and its integration with external ones.

• Numerous marketing campaigns and events related to the promotion of Sirma InSuit have been organized both in Bulgaria and abroad:

Currently, we have open negotiations with Generali Slovakia, Uniqua Romania, LevIns Bulgaria, Wiener Serbia, NetRisk Group Hungary.

The company concluded new contracts with Global Services Bulgaria and Bulstrad Life.

Ongoing implementation of an insurance solution based on CREATIO in “Bulstrad Life”, which covers health insurance.

The company continues to rely on a stable and sustainable model of selling products with a monthly license fee, rather than relying on large one-off deals that are more difficult to predict.

The company continues to develop the team and its specific expertise in the field of CREATIO solutions.

“HRM Solutions” EAD is a subsidiary of “Sirma InsurTech” AD

- **Share Capital: BGN 150 000**

Shares:

- **Ordinary Shares, Number: 150 000, Nominal: BGN 1.**
- **“Sirma InsurTech” AD owns 100% of the capital of the company**

HRM Solutions has been part of Sirma Group since July 2022, and is a subsidiary of "Sirma InsurTech" AD, with the main goal of concentrating and developing Sirma Group's technological and business knowledge in the field of human resources management. resources and personnel administration.

Conditions for the business development in 2022

The company provides an electronic employment file solution. In the market, especially after the pandemic in 2021, there is an increased desire to digitize employer-employee communication. There is a clear legal framework that regulates the order in which this can happen.

The company has been offering the sHRedy product since September 2020. For these 2 years, there has been a very serious interest in the product and it is the most recognizable on the market, mainly because of the very serious work on building the brand.

The solution is aimed at companies with more than 80 employees. The usage model is subscription-based, with a one-time cost for configuration and deployment.

sHRedy is the first product that integrates all the necessary qualified authentication services required by the Ordinance for electronic employment records within itself.

The product is also positioned well with the existing customers to date – Telus, KPMG IT, Soitron, Nexo, Software Group, Tavex.

Regional and international factors, reflected on the business of the company

The company has business in Bulgaria and this is the main location we are targeting at the moment. There is potential to upgrade with additional functionalities available in other group companies (HRistina) and potential for development in Europe, but there are a number of differences in the legislation and treatment of signing and service in the other EU countries.

Business development in 2022 and realization of the investment plan

In 2022, HRM Solutions continued to fulfill its strategic goals:

• 5 new clients were attracted

• More than 100 demonstrations were conducted with customers, and in the mass case the active party was the customer.

• Numerous marketing campaigns and events related to the promotion of sHRedy have been organized.

Currently, we have open negotiations with a number of large companies: Am Rest International - 500 employees, IQUVIA - 1100 employees, VIP Security - over 4000 employees in the group, PIC Doverie - 400 employees.

It is being implemented in several clients in parallel, and in order to speed up the implementation processes, we have changed the terms of the contract, and the entire value is paid in advance. Our expectation is that this will engage the client's team to a greater extent, resulting in a faster completion of the implementation.

• The company continues to rely on a stable and sustainable model of selling products with a monthly license fee

Partnered with Survey Sparrow to integrate 360-degree staff assessment at Shreddy. So far, interest has been expressed in signing a contract with two more clients in 2023 – Soitron and Tavex

FINANCIAL RESULTS

SIRMA INSURTECH

	31.12.2022	31.12.2021	Change BGN '000	Change %
Revenues	2 308	3 051	(743)	(24,35%)
EBITDA	(308)	170	(478)	n/a
Depreciation	(102)	(115)	13	(11,30%)
Net Result	(379)	41	(420)	n/a
EBITDA margin	(13,34%)	5,57%	(18,92%)	n/a
Net Profit margin	(16,42%)	1,34%	(17,76%)	n/a
Sales per share	5,8283	7,7045	(1,88)	(24,35%)
EPS	(0,9571)	0,1035	(1,061)	n/a
ROE	(2,8284)	0,0861	(2,914)	n/a
Total Assets	1 653	1 138	515	45,25%
Intangibles	456	-	456	n/a
Book value	(322)	476	(798)	(167,65%)
Equity	134	476	(342)	(71,85%)
Total Liabilities	1 519	662	857	129,46%
Interest bearing	(277)	-	(277)	n/a
D/E	(2,0672)	-	(2,0672)	n/a
ROA	(0,2293)	0,0360	(0,2653)	(736,39%)

HRM SOLUTIONS

	31.12.2022	31.12.2021	Change BGN '000	Change %
Revenues	313	40	273	682,50%
EBITDA	71	5	66	1320,00%
Depreciation	(54)	(34)	(20)	58,82%
Net Result	10	(32)	42	n/a
EBITDA margin	22,68%	12,50%	10,18%	81,47%
Net Profit/ (loss) margin	3,19%	(80,00%)	83,19%	n/a
Sales per share	2,09	0,27	1,82	682,50%
EPS	0,0667	(0,2133)	0,28	n/a
ROE	0,1020	(0,3596)	0,46	n/a
Total Assets	910	825	85	10,30%
Intangibles	810	758	52	6,86%
Book value	(712)	(669)	(43)	6,43%
Equity	98	89	9	10,11%
Total Liabilities	812	736	76	10,33%
D/E	8,29	8,27	0,02	0,19%
ROA	0,0099	(0,0388)	0,05	n/a

ENGVIEW SYSTEMS SOFIA

- **EngView Systems Sofia JSC is a subsidiary company of Sirma Group Holding JSC**

- **Capital : BGN** 68 587.

Shares: 68 587 ordinary named voting shares, with right to dividend and liquidation share, proportional to the participation in the capital.

Sirma Group Holding owns 50 000 shares or 72,9 % of the company capital.

EngView Systems Sofia AD is a member of Sirma Group, with main activity - development of software products and services in the field of two main vertical markets:

• Packaging industry. The products developed by the company are based on propietory innovative technology for variation and parametric CAD / CAM and are designed for automation and optimization of the production processes, mainly connected with packages and displays of different sheet materials.

• Quality control of serial production in various industries, mainly related to machine building, mechanics, aluminum and plastic parts, etc. In this field, the company develops entirely proprietary market solutions as well as technological solutions designed for specific measurement machines for the main strategic partner - QVI.

EngView Systems in 2022

Conditions for business development in 2022

EngView Systems operates in two main markets that of software and hardware solutions in the field of Metrology and Quality Management in the production of metal products, as well as software for video measuring machines in partnership with manufacturers, and complete solutions for automation and management of the production process of the packaging industry. The company works with manufacturers of packaging and displays around the world, served by a developed and expanding network of distributors and partners, as well as our own offices in Brazil, Germany and USA.

A large share of packaging production remains in the established offset printing segment. The spread of digital technologies is happening at an ever-increasing pace and more and more companies are investing in digital printing and production machines. New niche markets are being formed, related to personalization, small circulations of cardboard and corrugated packaging, products for advertising purposes and better visualization of selected brands (shelves) or entire structures, exhibition stands, shows, printed and cut from thick materials. (rigid Board). In Europe and the United States, there is a trend for the entry and production of materials and products from them, which are directly related to nature conservation and are environmentally friendly and easily recycled.

This determines the direction of the predominant investments in the packaging industry - along with those in machines. Companies from different niches are looking for solutions to further save time and resources, modernize their production to improve their competitiveness, and follow modern technologies that improve the relationship with the customer and optimize the order channels. Such solutions are Internet and cloud-based solutions for communication with customers and shortening the Order-Delivery cycle (web-to-print, web-to pack), which become possible precisely in combination with new digital technologies.

In the market of technologies for monitoring and quality management of mass production, there are growing trends towards digitalization of processes. This is determined by the mass penetration of new modern technologies for measurement and communication, as well as the growing availability of instruments based on such technologies.

Confidence in cloud-based technologies and SaaS solutions is also increasing. The advantages of this type of solutions such as quality of service, accessibility for a wide range of users, accelerated exchange and fast access to information, replacement of many analog processes with digital ones, the ability to quickly make accurate informed decisions based on real data and analysis , determines the future trends and market demand for such solutions and related to their work measuring equipment.

Another driving factor is the growing competition among metal manufacturers and their desire to expand their markets. This is possible only if the highest quality criteria are set and the ISO 9000 standards are met. More and more small and medium-sized companies strive to achieve this standard and this causes the demand for products that digitize processes and provide opportunities for successful management of quality.

EngView Systems successfully develops its products in its two main areas for the packaging and video measuring industries. In recent years, the company has invested in the development of new products based on its already implemented solutions and the accumulated knowledge and expertise in individual niches. They meet the latest trends, as well as customer requirements for high-quality software capable of accelerating production, increase sales through optimization and maintenance of additional processes. The company's marketing efforts combine both the traditional way of branding, advertising and product positioning, as well as new trends in digital marketing, online demonstrations, multimedia, participation in panels, etc.

The company continues to develop its core product for the packaging industry - the Packaging Suite. At the end of the third quarter, a major version 8 of the product was implemented, with new functionalities to support the workflows of printers, packaging or display manufacturers, die makers and advertising agencies. Through the built-in new and modern technologies, customers can count on augmented reality, realistic 3D visualization through PBR (physical based rendering) and file exchange through a cloud-based base. The prices of modules and configurations were increased. An upgrade campaign for customers with old versions has started, which will continue in 2023.

The purchase of services on a subscription basis is a very important trend in the global market in the last few years. This is due to the advent of cloud technology and the ability to sell even very complex software products as services rather than licenses. This makes them more affordable both in terms of price and in terms of time to master and start in real business. For this reason, SaaS sales are growing rapidly, and the pressure on suppliers to offer this type of service is growing.

After launching the policy of offering the software on a subscription basis in 2021, the first half of 2022 saw a movement in this direction as well. More and more customers are starting to use the software without the need to make a large investment or bear a large risk. Since this model relies on a large number of subscribers to reach the turnover of selling the software, the company still maintains its old sales model. However, a decrease in the revenue part is felt, but in the long term this trend should reverse.

The company's expectations are that an increasing number of customers will prefer this type of software usage due to the small investment and the possibility to install the latest versions of the products within the lease. The first half of the year showed that customers who previously could not afford the investment to purchase the software are now subscribing and spending minimal funds on a monthly or annual basis for professional software. By the end of 2022, there are already 50 new subscribers.

In 2021, the company released a beta version of the online product Dieboard Calculator, which is aimed at consumers and manufacturers of punch molds. Based on the product, end customers (printers, advertising agencies and anyone needing the cost of the punch), have the opportunity to choose a package, distribute it on a sheet size and calculate the price of the punch. The product is promoted to selected customers, which contribute to the development and help in the translation and accumulation of different interface languages. In several issues of Cutting Edge Magazine, an advertisement was launched, as well as an online demonstration in front of a selected audience - part of the participants in the Association of Daimers IADD, of which EngView is a member. A contract was signed in January 2022 for year-round advertising of this product in Cutting Edge Magazine.

The definition of other online products based on CAD technology has started. The new product Getpack is now a fact, the purpose of which is to offer it for free to customers who purchase the basic CAD system. The company hopes to find this product that is useful for the mass consumer by implementing online products aimed at different types of consumers in the packaging industry.

Development of the core CAD API-based technology to offer developments integrated with other products or platforms continues. The signing of an agreement with a long-term business partner is expected, which will base its own products in the online space on this technology.

New mechanisms, partnerships and representations around the world are also being sought to increase brand recognition, increase sales and search for new niche markets. At the end of 2022, the search for new people for EngView USA to work in the American market and look for new partners and customers also began. It is expected that as early as 2023 the position of Director of Sales for North America will be filled. The company is ready to invest in branding, marketing and sales and increase its turnover from the US.

Products oriented to Metrology and Quality Control such as ScanFit&Measure and mCaliper, TurnCheck are also being developed.

For mCaliper, a massive marketing campaign was conducted in 2021 - mainly in the markets of Europe and North America, in order to establish the brand and position the product as a quality management system aimed at small and medium customers. Unfortunately, sales are still minimal, but the company continues its marketing activities to find suitable customers.

Regional and International Factors Influencing the Business of the Company

After the pandemic and the crisis because of it, in the first half of 2022 the market at all levels began to be affected by the energy crisis. Inflation, which is growing in the main markets in which the company operates, has an impact on financial parameters. After strong sales growth in 2021 and the introduction of the subscription sales principle, there was a slight decline in 2022, but the fourth quarter proved that the company can overcome the decline and show growth again at the end of the year. The last quarter was successful and the sales made offset the decline from the previous months of 2022.

Since last year, specialized sales campaigns have been conducted for different regions of the world and for different products in the EngView portfolio. An external specialized company is used, which conducts both targeted branding and sales activities.

The company develops all its products in Bulgaria, but has a network of distributors around the world, as well as its own offices in the United States,Germany and Brazil. The factors influencing the business are mainly related to the saturation of the market with competing products or the degree of development of the given market. A major share of software sales for the packaging industry is still generated in Europe. In 2022, a new partnership began with an English plotter manufacturer, for which EngView rebranded its CAD software, which will be sold to everyone who purchased the plotter. The partnership is successful and sales are satisfactory.

As one of the leading names in the packaging industry, EngView works with strategic partners from Germany - Heidelberg, for which new versions of their products are developed every year for the printing industry and from the USA - QVI for their video measuring machines. EngView has been working with both companies for years, strengthening its position by providing quality and modern software for their customers. The company is investing in a new solution for QVI in 2019 and 2020 - Turn Check. In 2022, at the request of QVI, the team developing this product increased. Additional revenues are expected by the end of the year after his participation in specialized exhibitions and specialized marketing. The software controls a new type of QVI machine for measuring rotating parts and components.

Business Development and Investments in 2022

In Q4 2022, the company continues to develop its products and prepare for more online services and developments. Work on the online product for diameters, as well as new online products began in the first days of the new year, and preparations are underway for the next major version of the CAD product.

The company is gradually increasing its capacity and resources for innovation in the two areas in which it operates. In 2022, the company is again striving to increase its teams and hire new employees, key personnel retention activities are planned.

The German company EngView Systems GmbH hired and trained a new person to handle customer support. The company is still young, but it is already successfully establishing its name and making sales. There is already a website in German, we are working with an external company for searching for new customers, processing leads and conducting specialized campaigns.

In Brazil, it is established as the main sales model through the subscription principle. Sales from there have increased compared to last year, and we hope that this trend will continue in the coming periods.

A new employee is being sought in the US to once again take over the search for new partnerships in the region and reaching more customers. We hope that by the end of the year, a Sales Director will be found, and that the better performance of EngVue in this market will start from the beginning of next year.

Perspectives and Forecast for 2023

Revenues are expected to increase on an annual basis ин 2023. There is a moderate investment interest in all niches and industries in which the company operates, but nevertheless, EngView is working to successfully position and increase sales of its products in which it has invested in recent years.

FINANCIAL RESULTS

	31.12.2022	31.12.2021	Change	Change %
Revenues	4 221	4 310	(89)	(2,06%)
EBITDA	1 558	1 860	(302)	(16,24%)
Depreciation	(797)	(710)	(87)	12,25%
Net Result	681	1 024	(343)	(33,50%)
EBITDA margin	36,91%	43,16%	(6,24%)	(14,47%)
Net Profit margin	16,13%	23,76%	(7,63%)	(32,09%)
Sales per share	61,1739	62,4638	(1,29)	(2,06%)
EPS	9,8696	14,8406	(4,97)	(33,50%)
ROE	0,1301	0,2027	(0,07)	(35,80%)
Total Assets	5 954	6 178	(224)	(3,63%)
Intangibles	3 440	3 216	224	6,97%
Book value	1 794	1 837	(43)	(2,34%)
Equity	5 234	5 053	181	3,58%
Total Liabilities	720	1 125	(405)	(36,00%)
Interest bearing	287	864	(577)	(66,78%)
D/E	0,0548	0,1710	(0,116)	(67,93%)
ROA	0,1144	0,1657	(0,051)	(30,99%)

SIRMA BUSINESS CONSULTING

- **https://sirmabc.com/**
- **Sirma Business Consulting AD is a subsidiary of Sirma Solutions AD**
- **Capital: BGN 2 539 768**

Shares: Special conditions for transfer: the shares are vinculated and non-transferable for a period of three years from the incorporation of the company.

Classes of shares:

CLASS A: Number: 1 958 268, Nominal: BGN 1 Rights: regular, voting, right to dividend and liquidation share

CLASS B: Number: 581 500, Nominal: BGN 1 - Privileged, Non-voting, Entitled to Guaranteed Dividend

„Sirma Solutions“ AD holds 1 077 048 Class A shares and 296 500 Class B shares or 54.08% of the company's capital and 55% of the voting shares.

Sirma Business Consulting (SirmaBC) is a subsidiary of Sirma Solutions JSC, which is highly specialized in the provision of software products and services in the financial sector. The SirmaBC implements Universal Banking Solutions (UBS) individually or based on the FlexCube (Oracle platform). This is a complete banking solution which has received worldwide recognition as one of the most preferred systems in the banking and financial industries.

The range of services provided by the company covers mainly banking, retail and wholesale banking, regulatory compliance and risk management as well as the whole range of implementation and advisory services. SirmaBC is the third largest holding company and accounts for about 20% of revenue.

SirmaBC was established as a consolidated unit in 2007 and has since become one of the leading technology players in the financial sector. The company has been established not only in the local market, but has continued to seek to increase its presence on international markets, especially in Europe, North and South America, Asia and the Caribbean. SirmaBC has a team of highly specialized professionals with complementary expertise in the financial field. This helps to develop a wide range of products designed to respond to growing demand and evolving industry trends tailored to the banking and financial industry specification both locally and globally.

Conditions for business development in 2022

The financial and banking sector in the world and in Bulgaria continues to be inert and dependent on the implementation of numerous restrictive measures to minimize the effects of the military conflict between Russia and Ukraine. The unclear situation from the development of the conflict, the interrupted supply chains of fuels and high-tech products continue to stop the implementation of big projects.On the other hand, rising inflation, which mainly comes from the prices of fuels and basic necessities, leads to higher labor costs, as well as the absence of a regular government, makes the prospects for rapid growth pessimistic and time-delayed..

All players in the sector still have excess liquidity and a lack of sufficient projects for funding and investment. On the other hand, all economic entities continue to have advanced or increased requirements for the use of digital instruments in their relations with financial institutions. These preconditions are a catalyst for potential growth and generation of projects and orders in the sector, but potential "real" war leads to restrictions on "long" and "significant" commitments.

In any case, all companies that provide solutions and services to financial players face several serious challenges:

- Adjustment in the prices of the offered services and products.

- Finding and retaining highly qualified staff within the Bulgarian market.

Adaptation of existing solutions to meet new trends in the direction of robotics of digital operations and processes and the introduction of artificial intelligence and machine knowledge to optimize delivery times for end customers.

SBC continues to provide its own services and products, which are focused only on the financial sector. In addition to active actions for research and planning for the transition to FlexCube 14, as the main version that will be offered to new customers, will be subject to upgrade existing ones. All the presented novelties and innovations for the 2FA / MFA solution Up2Seal continue to generate great interest, as well as all solutions that enable financial players to provide conditions for API-based services and develop their strategies in the direction of "Open Digital Business".

Regional and international factors, influencing the business of the company

The biggest factor for all is already the military action and the trade war over energy prices, which blocked travel opportunities and easy communication with customers and completely stopped the possibilities of tension and preparation for inflation in the global economy. This can lead to an increase in interest rates and depreciation of some of the major currencies in which the company's revenues are. In Bulgaria, the appetites, intentions and real actions for consolidation of the Banking and Financial Market continue, which on the one hand determines the competition between the many relatively small players and on the other hand provokes an active dialogue for consolidation of companies in the market.

The lack of stable ruling government, global conflicts, inflation and the decline in the development of the economy in Bulgaria in the first quarter of 2022 in addition puts pressure on all companies in the IT industry. One part of which is directly affected and dependent on government procurement and projects and the other part due to the tension of the public climate and ambiguity about the tax and fiscal policy of the regular government.

On the other hand, the trend continues to create new companies and support centers with investments and employers from the United States, Canada, Germany and England, which significantly raise the average salary in the industry and further pump resources into projects focused on other markets. The problems with this out-of-focus workforce are invisible at the national level, but they significantly exhaust mostly nationally oriented players in which category SirmaBC falls. In the long run, we will have to completely change the final price for customers or seek entry into foreign markets by providing outsourcing or rental services.

Risks and threats in 2022

All risks and threats to the company are related to the cost of labor, respectively the average salary in the IT sector and the growing shortage of manpower with programming skills. On the other hand, the uncertain economic situation without long-term planning and short contract terms allows for renegotiation of some of the company's commitments, but also the loss of some of the projects or prepaid support.

Despite the difficulties caused by the pandemic, the company maintains a focus on staff training and training of SBC employees as a means of retaining staff. In the plans for 2023, all the company's reserves will be addressed to increase salaries and attract new employees.

Main events in 2022

"Sirma Business Consulting" AD has acquired the commercial enterprise of "Empiriu" EAD as a set of rights, obligations and factual relations under Article 15 of the CL. The acquired company at the time of acquisition has a staff of 12 employees and dozens of projects in the financial sphere.The total amount of revenues under active contracts of „Empiriu" until now in 2022, which are consolidated in "Sirma Business Consulting" AD, are in the amount of BGN 1.2 million. Development plans after acquisition are for Sirma BC to double contract size and revenue in the next two years. The company actively participates in the regular events of BASSCOM, BFA (Bulgarian Fintech Association), as well as new initiatives organized by AMCHAM Bulgaria and various working groups on European and national initiatives in the sector.

New clients, projects, products and services in 2022

- Clients

All customers of the company show and declare that they are partially or severely affected by the pandemic, military activities and lack of energy resources, as well as delays or lack of financial measures to overcome them. In practice, there are very few new projects and revenues for the company.

- Projects

The implementation of started projects countinues, including the two parallel implementations of major banking systems and several projects for the implementation of payment and other satellite solutions, which cover: "RepXpress", "ceGate" and "UBX Suite", DIGI Bank.

- Products

The company is actively trying to advertise and distribute the first versions of:

- Open banking API hub, which implements the BISTRA standard for all services in the scope of PSD2;
- Up2Pay - a payment software terminal that resides with a mobile application provider or as a Plug-in for a web site;
- Up2Seal - a portfolio for generating one-time passwords and codes, which also serves as an advanced electronic signature and provides SCA, which is within the meaning of the Payments Regulation.

- Services

The company positions a package of consulting services for analysis and documentation regarding the selection of digital solutions. The methodology used is based on Assist Knowledge Development and the British Business Analysis Association.

Perspectives and forecasts for 2023

Despite some positive signals for the improvement of the economic climate and the relaxation of strict health and social restrictive measures, the stagnation and inertia of financial players does not suggest a quick recovery and revival of the market. The uncertain environment and redirection of part of the resources in the company to work for rent, makes it difficult to predict the financial framework and business development for 2023.

In the budgeted new revenues for the company, the share of revenues that are related to adaptation and changes in customer systems, which will have to respond to the legal changes for Bulgaria's accession to the Eurozone, is increasing. In addition, increased revenue is expected from the new reporting frameworks being introduced.

The expected revenue growth in 2023 will catch up with the company's goals in a medium-term horizon of 2-3 years. The financial macro framework for the company will be in the range of BGN 5.2 million revenues and BGN 250 thousand EBITDA.

Retention of all employees and customers will be key to the successful implementation of all the company's plans, which must go with a clear policy and communication for increasing the prices of the provided solutions and services for all directions in the company's portfolio.

FINANCIAL RESULTS

	31.12.2022	31.12.2021	Change BGN '000	Change %
Revenues	4 828	3 327	1 501	45,12%
EBITDA	77	270	(193)	(71,48%)
Depreciation	(291)	(353)	62	(17,56%)
Net Result	(197)	(83)	(114)	137,35%
EBITDA margin	1,59%	8,12%	(6,52%)	(80,35%)
Net Profit margin	(4,08%)	(2,49%)	(1,59%)	63,56%
Sales per share	1,9008	1,3098	0,59	45,12%
EPS	(0,0776)	(0,0327)	(0,04)	137,35%
ROE	(0,0736)	(0,0289)	(0,04)	154,82%
Total Assets	4 577	4 513	64	1,42%
Intangibles	1 211	628	583	92,83%
Book value	1 465	2 245	(780)	(34,74%)
Equity	2 676	2 873	(197)	(6,86%)
Total Liabilities	1 901	1 640	261	15,91%
Interest bearing	105	195	(90)	(46,15%)
D/E	0,0392	0,0679	(0,029)	(42,19%)
ROA	(0,0430)	(0,0184)	(0,02)	134,03%

SIRMA GROUP INC.

General Business Conditions in 2022

For the last two years of the COVID-19 pandemic, remote work has become a widely accepted practice, which benefits our ability to offer remote outsourcing services and to expand our staff by recruiting not lonely from Eastern Europe but world-wide. In 2022 our team included engineers from Albania, Macedonia, Egypt, India, Pakistan, the UK ad Ethiopia. Our ability to deliver turn-key systems much faster than most of our competitors allowed us to win and deliver some small but profitable government and commercial projects.

Forecast for 2023

We expect that the economic volatility which occurred during 2022 will impact our business in 2023. The war in Europe, high inflation and interest rates in the US, the crypto death-spiral, the significant layoffs in the tech sector and the inconsistent performance of the stock market are causing our clients to spend less and to delay expansion projects. We have seen one of our smallest startup clients go out of business and one short-term media client cancel planned product features. We expect this shrinkage trend to continue through 2023.

We have been fortunate to have clients in somewhat recession-proof vertical segments – healthcare, cybersecurity and financial services. We expect that by Q2 of 2023, the venture investment in technology to accelerate significantly, as funds are sitting on large cash positions that have to be put to work. We are in a very advantageous position this year regarding our ability to market our services to startups and small businesses. In 2022 seven of the companies with technology we built from the ground up raised money (3) or were acquired (4), and not with “down rounds” or at “fire sales”.

FINANCIAL RESULTS

	31.12.2022	31.12.2021	Change	Change %
Revenues	8 284	9 212	(928)	(10,07%)
EBITDA	1 086	2 188	(1 102)	(50,37%)
Depreciation	(6)	(8)	2	(25,00%)
Net Result	1 071	2 169	(1 098)	(50,62%)
EBITDA margin	13,11%	23,75%	(10,64%)	(44,81%)
Net Profit margin	12,93%	23,55%	(10,62%)	(45,09%)
Sales per share	0,3839	0,4269	(0,04)	(10,07%)
EPS	0,0496	0,1005	(0,05)	(50,62%)
ROE	0,1180	0,2870	(0,17)	(58,90%)
Total Assets	10 632	9 768	864	8,85%
Intangibles	1 735	1 634	101	6,18%
Book value	7 344	5 923	1 421	23,99%
Equity	9 079	7 557	1 522	20,14%
Total Liabilities	1 553	2 211	(658)	(29,76%)
Interest bearing	9	19	(10)	(52,63%)
D/E	0,0010	0,0025	(0,002)	(60,57%)
ROA	0,1007	0,2221	(0,121)	(54,64%)

SIRMA ICS

- **http://sirmaics.com/**
- **Sirma ICS is a subsidiary of Sirma Solutions**
- **Capital:** BGN 300 000 divided into 300 000 number of registered nominal shares with a nominal value of 1 BGN per 1 share with voting right, dividend and liquidation share. Sirma Solutions owns 270 000 number of shares or 90% of the capital.

Sirma ICS is part of Sirma Group Holding, with the main goal to concentrate the technological and business knowledge of Sirma Group's in the insurance sphere.

Conditions for Business Development in 2022

The company operates in the insurance sector with target clients insurance brokers and insurance companies.
Both segments saw a decline in revenue. The reason for this is the economic and health crisis in 2022, respectively, decreasing revenues from optional insurance, which in turn causes a contraction in the costs of software and services. However, the company was able to contract with insurance brokers and insurance companies for product development and sales.
The company offers a product covering all of the processes in the structure of an insurance broker - Sirma Insurance Enterprise Platform. There is also a developed opportunity for clients to integrate through the Sirma Insurance Enterprise MTPL API and to integrate the policy issuing a policy payment in any system and application. Regarding the online presence of brokers, we offer Sirma Insurance Enterprise Web Calculator. With this product, end visitors to websites can calculate their price and place an order. The company also creates individual solutions and developments on assignment such as websites, web portals for end customers, administrative portals and mobile applications.

The whole 2022 passed under the sign of an aggravated economic situation, which led smaller brokers to either cease or try to reduce the amount paid for a license. We have done our best to preserve most of them.

At the end of 2022, the monthly fees of brokers were indexed and on average they were raised by about 17%.

Regional and global factors influencing the business of the company

The company has business only in Bulgaria at the moment.

Business Development in 2022 and investment plan

In 2022 Sirma ICS continued with the execution of its strategic objectives:

- Building new portals and mobile applications, including portals for customers of insurance companies.

- Increasing the product range of the software for insurance brokers and optimizing the product and its functionalities

- Attraction of new insurance broker-clients and upgrading the services.
- The company continues to rely on a stable and sustainable model of selling products with a monthly license fee, instead of relying on large one-off transactions which are more difficult to predict.

New:

- Customers

There are new customers of the online calculator during 2022.

- Projects

- Customization of the Sirma Insurance Enterprise Platform,
- New products in the portal of an insurance company
- Improvements in mobile applications, such as in the mobile application of the DZI "Kaksi";

- New Contracts

Inclusion of Casco insurance product in 1 more insurance companies and separate integration under the Civil Code with another for Sirma Insurance Enterprise. Concluding a contract with a new insurance company. The company also signed new contracts with insurance brokers.

Customer service information

The customers are served professionally and the product they receive is constantly evolving, as the customers receive new modifications and at the same time all the necessary regulatory changes are implemented.

Perspectives and forecasts for 2023

There has been a significant increase in the number of competing software vendors with similar features selling at significantly lower prices. We envision development of the platform with new functionalities and integrations, we will make maximum efforts to retain customers and increase their satisfaction.

FINANCIAL RESULTS

	31.12.2021	31.12.2021	Change	Change %
Revenues	952	1 056	(104)	(9,85%)
EBITDA	175	138	37	26,81%
Depreciation	(93)	(79)	(14)	17,72%
Net Result	69	47	22	46,81%
EBITDA margin	18,38%	13,07%	5,31%	40,66%
Net Profit margin	7,25%	4,45%	2,80%	62,85%
Sales per share	3,1733	3,5200	(0,35)	(9,85%)
EPS	0,2300	0,1567	0,07	46,81%
ROE	0,0781	0,0577	0,02	35,34%
Total Assets	1 205	1 294	(89)	(6,88%)
Intangibles	915	963	(48)	(4,98%)
Book value	(32)	(149)	117	(78,52%)
Equity	883	814	69	8,48%
Total Liabilities	322	480	(158)	(32,92%)
Interest bearing	111	194	(83)	(42,78%)
D/E	0,1257	0,2383	(0,11)	(47,25%)
ROA	0,0573	0,0363	0,021	57,65%

S&G TECHNOLOGY SERVICES

- **http://www.sngservices.co.uk/**
- **S & G Technology Services operates in the Financial Segment**

S & G Technology Services is a joint venture of Sirma Solutions, which operates in the United Kingdom. The company provides technology services in the areas of software integration, data integration and mobile technologies for the financial service sector.

S & G Technology Services has accumulated tremendous expertise on the banking industry and the development of technology solutions for some of the world's largest banks.

This enables the company to better understand the challenges faced by customers, identify the areas in which it can provide innovative solutions and integrate seamlessly into its specific solutions within a broader delivery program. S & G Technology Services specializes in providing IT consulting services, software products and services to the software ecosystem of one of the most popular banking systems - the Temenos T24.

SIRMA CI

- **Sirma CI** is a subsidiary of Sirma Group Holding
- **Capital:** BGN 133 000. **Sirma Group Holding** owns 80% of the capital.

Conditions for Business Development in 2022

The situation with Covid - 19 is under control and the pandemic is no longer a significant factor for economic slowdown. A significant factor remains the war in Ukraine, which led to an energy crisis in Europe, which increased inflation in almost all world markets. However, it can be said that the situation at the end of the year is more stable compared to the beginning. Expected predictions about the impossibility of forming a government are a fact, which leads to new elections in April 2023, which is a prerequisite for the incomplete functioning of the economy in the state.

After the elections, it will probably still not be possible to form a ruling government, which will lead to new elections, but even with this scenario, the current caretaker government is expected to continue the main activities, with the aim of restoring the economy, implementing the planned admission of Bulgaria to the Eurozone in 2024 and others.

Inflation for December 2022, compared to December 2021, is 16.9%, but the real inflation of the consumer basket continues to be between 30-40%.

EC forecasts for 2023. are for inflation to slow to 7.4% and weaken to 3.4% by the end of 2024. The unemployment rate is expected to fall steadily from 4.6% in 2022 to 4.2% in 2024.

A scenario in the BNB forecast prepared as of September 30, 2022, foresees a lower growth of Bulgaria's GDP - a slowdown to 2.8% in 2022, to 0.1% in 2023, and then an acceleration to 3, 4% in 2024.

A global and/or regional recession in 2023 is not excluded.

The European Central Bank predicts a decrease in inflation in 2023 by 3.5% and in 2024 by 2.1%, which means that in the next two years the economy in Europe should be stimulated and growth should begin compared to the current situation.

The political and economic crisis is not having a significant impact on business at this stage, but we are prepared and in this regard we have taken steps towards diversification.

We continue to adapt the business to the new rules (digital transformation is everyday), for which we believe we are prepared and will take adequate measures based on short-term and long-term goals.

The IT sector continues to be in second place in terms of revenue growth in the country. We expect this trend to continue in 2023.

Despite the stagnation on a global scale, Sirma CI will continue its development with the aim of positive balance and diversification in the sector and revenues.For 2022, our focus remains on the trends defined by Gartner and internal analysis of market demand and our customers.

For 2023 we will maintain a focus on the need to provide services by our experts and work in collaboration with partners to develop and integrate our products, which leads to diversification and increased revenue.According to Gartner the top 3 services for Digital Retail, which are at their peak of demand for them:

- Software solutions for user engagement

- Conversational commerce, ie. technological solutions that recognize speech, speech, language processing via AI. These are applied in chatbots

- Algorithmic sales, ie. AI-based software solutions

According to Gartner the top 3 services of Digital Retail, which will be in demand in the next 2-5 years:

- Unified Commerce Ecosystem
- Real-Time Pricing
- Smart Check-Out

Of the top 3 services that Gartner defines at their peak, we offer two. The other products and expertise that we have and are described in the Technology stack (item 5) are very up to date. Regarding the services that will be in demand in the next 2-3 years, we are already working on one of them.

We continue our active activities regarding partnerships with american companies, while maintaining our focus on current markets and customers.

We have provided a marketing budget for PR materials to advertise our new concept in the "retail" vertical, with the aim of redirecting advertising to Sirma.com.

Update of a completely new solution for eCommerce (B2B and B2C), ie. the rewriting of our platform continues to develop according to a plan on a market basis. Fully focused on unified commerce trends, which will unite our implementation solutions for large retailers: e-shop, loyal mobile application program, chatbots, real-time behavior analysis system (SFS) and more.

We have planned to hold a seminar in the fall in Serbia for our client, where we have integrated and maintained a loyal program.

We expect to be invited to a large marketplace competition for four countries by the end of September.

Technology stack and Microservices - Sirma Customer Intelligence expertise and products:

- Consultations for digital transformation and innovation

- Business analysis and planning

- Individual web and mobile design (responsive)

- Personalized e-commerce (back-end and front-end development)

- Integration of loyalty program (back-end and front-end development)

- ERP integration / optimization

- Implementation of logistics integrations / optimizations

- Integrations for online payments

- Billing integrations

- Mobile applications - native Android and iOS

- RTS - real-time user behavior analysis system

- Chatbots - based on Melinda

Covid-19 changed the habits of business and end customers, leading to an emphasis on digitalization in the Retail industry.

The war in Ukraine is a significant factor that makes us accelerate our development in markets outside Bulgaria in order to diversify.

We hope that in 2023 the recovery and development plan will be accelerated and the country's economy will begin to grow.

New contracts during 2022:

- The contracts we signed in 2022 are already being implemented. They are long-term and include maintenance and development.

- Our current customers continue to be active with orders for new features to their current solutions, in order to sell more to end customers.

- In 2022 we signed a new contract with a large company to which we provide IT expertise

Perspectives and forecasts for 2023

We expect to attract several new clients, currently negotiating with them, as well as to develop our current partnerships with additional features, integrations and expert advice.

Positive business development is expected to continue in 2023, because large companies are forced to digitize their processes, which preserves the interest in online sales, ie. the search for B2B and B2C solutions to generate direct sales with integrations to ERPs, virtual POSs, logistics solutions and others. The forced (Covid-19) digitalization of companies changed their habits and processes in their organizations, requiring constant development and support of their new activities. All this has a positive effect on both the sector and us as a company.

In 2023, we expect revenue growth to remain in the range of 20-35% compared to the previous year. The forecast for positive development in 2023 is based on long-term - current contracts that are in progress and development.

eCommerce digitalization services: unification of sales, analysis, loyalty modules and implementation of marketing automation will continue to grow in 2023.

Increased interest in the development of additional sales channels (digital transformation), such as mobile applications, chatbots, real-time analysis, updates and migrations of sales platforms.

FINANCIAL RESULTS

	31.12.2022	31.12.2021	Change	Change %
Revenues	1 443	1 011	432	42,73%
EBITDA	149	135	14	10,37%
Depreciation	(1)	(2)	1	(50,00%)
Net Result	132	116	16	13,79%
EBITDA margin	10,33%	13,35%	(3,03%)	(22,67%)
Net Profit margin	9,15%	11,47%	(2,33%)	(20,27%)
Sales per share	4,8100	3,3700	1,44	42,73%
EPS	0,4400	0,3867	0,05	13,79%
ROE	0,8800	6,1053	(5,23)	(85,59%)
Total Assets	432	388	44	11,34%
Intangibles	30	30	-	-
Book value	120	(11)	131	n/a
Equity	150	19	131	689,47%
Total Liabilities	282	369	(87)	(23,58%)
ROA	0,3056	0,2990	0,01	2,20%

SIRMA MEDICAL SYSTEMS

- **Sirma Medical Systems** is a subsidiary of Sirma Group Holding
- **Capital:** BGN 100 000. **Sirma Group Holding** owns 66% of the capital.

Key trends in 2022

In 2022, the demand for remote patient monitoring services and the use of mobile applications across the healthcare sector is expected to increase sharply as a result of the new requirements created during the COVID-19 pandemic. Both physicians and patients are already openly accepting the use of mobile and software solutions as a reliable substitute for outdated physical practice practices.

In this rapidly changing environment, the two main products of Sirma Medical Systems are well positioned in the market and have the capacity for medium and long-term development through precise targeting of marketing efforts. The target markets in which the company will seek realization in 2022 have been defined. For Diabetes: M, the priority is the activities in the United Kingdom and Bulgaria, with an additional main focus Germany, with a favorable development of the application for DIGA. For Medrec: M, the implementation efforts in Bulgaria are a priority, with an additional focus on the United Kingdom.

Sirma Medical Systems continues to develop its products in its two main areas - for self-monitoring and remote monitoring of diabetes and telemedicine.

In April, Sirma Medical Systems took part in the 15th scientific conference "Advanced Technologies & Treatments for Diabetes" in Barcelona, Spain. During the forum, the latest treatment methods were discussed of diabetic conditions and ways to improve the quality of life of people suffering from the disease. The exhibition and panel discussions brought together more than 4,000 researchers, scientists, technology companies, patients and physicians from around the world to exchange ideas and plans for improved diabetes care.

During this reporting period the first official meeting was organized on the board of the medical consultants of the company - Assoc. Prof. Dr. Radka Savova, Dr. Ivan-Asen Shishmanov and Dr. Tanya Andreeva. At the meeting the planned activities for the upcoming three months were specified, looking in detail at the current functionalities of the products, the feedback from patients with whom the specialists work, as well as the need for new functionalities to provide services to patients of the highest class and according to leading international standards in healthcare.

During the year, various online activities were implemented in order to promote the products. The realization of live videos and webinars with the participation of popular medical specialists from various fields continues, as well as the publication of information articles in the blogs of the products, as well as partnerships with popular Bulgarian media for publishing materials.

The company took part in one of the largest digital healthcare events in the UK – HETT (Healthcare Excellence Trough Technology), which took place on September 26-27 in London. Our two main products were presented there – Diabetes:M and Medrec:M, which deservedly aroused interest.

Sirma Medical Systems also took part in one of the biggest diabetes events in Great Britain - Diabetes Professional Care (DPC), which took place on 16-17 November in London. The event was attended by over 3000 healthcare professionals and Sirma Medical Systems, together with its partner Nipro Diagnostics, presented its diabetes app – Diabetes:M.

Between 10 and 13 November, the "Autumn Allergology Days" congress organized by the Bulgarian Allergological Society took place, where more than 150 specialists in the field of allergology, pulmonology and many other specialists took part.

Sirma Medical Systems was one of the sponsors of the event, where it presented its Medrec:M digital health platform to the medical professionals there.

Allergist Dr. Tihomir Mustakov presented the benefits of telemedicine for doctors and patients during a lecture. The forum provided an opportunity to consider the latest methods of allergy treatment, thanks to innovative solutions to improve medical practice.

Following the plan for automation of the company's marketing activities, the foundations were laid for a new system for e-mail communication with the existing over 200 000 users of Diabetes: M. The channels for application support were also optimized by centralizing all communication sources at one point. In January, a full SEO analysis of the company's websites was made and optimization of the available technological solutions was realized.

Business development in 2022 and realization of investment intentions

In March, a contract was signed with Dr. Kalchev Medical Center for the use of Medrec: M - the platform for telemedicine and digital clinic for medical professionals, with the help of which medical professionals from Dr. Kalchev Medical Center to perform online examinations of their patients at home and abroad. The first examinations are expected to start on 1 May 2022.

Negotiations are under way to integrate the Diabetes: M platform with the large online pharmacy network in England.

In June, a contract was signed with Heinrich-Heine-Universität Düsseldorf (Heinrich-Heine-Universität Düsseldorf) to use Diabetes:M – a diabetes management platform for patients and healthcare professionals. The project includes monitoring of the diabetic condition of over 100 children by medical specialists from several large hospitals in Bosnia and Herzegovina and has a duration of 6 months.

Over 70 meetings with potential partners and customers took place during the HETT digital healthcare event, which took place on 26-27 September in London.

Over 120 meetings were held with potential partners and clients at the Diabetes Professional Care (DPC) event in Wales on 16-17 November in London.

During the congress of allergists, more than 50 meetings with specialists were held. As a result of the feedback received from medical professionals, a new functionality was developed for written consultations between doctor and patient.

At the end of the quarter, the allergology office of Dr. Mustakov, as well as three other medical specialists, joined the platform.

Throughout the period, planning and clarification of the issues for the inclusion of the Diabetes: M platform in the list of DiGA digital healthcare applications approved by the German government continued.

Perspectives and forecasts for 2023

Revenues are expected to increase on an annual basis compared to 2022. There is an increased investment interest in all products of the company. Sirma Medical Systems is working to successfully position and increase sales of its products, in which it has invested in recent years.

And in 2023, the main goal of business development and marketing activities will be to increase and maintain the customer base of the two mobile apps Diabetes:M and Medrec:M, as well as attract new customers for the medical platforms Diabetes:M Monitor and Medrec:M Clinic in the company's strategic markets. Also seeking partnerships with leading healthcare organizations and Bluetooth device manufacturers.

Sirma Medical Systems is expected to be ISO 27001 certified.

By the end of the year, it is expected to complete the certification procedure of the bolus calculator on the Diabetes:M platform as a class 2 medical device.

FINANCIAL RESULTS

	31.12.2022	31.12.2021	Change	Change %
Revenues	443	363	80	22,04%
EBITDA	94	94	-	-
Depreciation	(44)	(56)	12	(21,43%)
Net Result	5	4	1	25,00%
EBITDA margin	21,22%	25,90%	(4,68%)	(18,06%)
Net Profit margin	1,13%	1,10%	0,03%	2,43%
Sales per share	1,4767	1,2100	0,27	22,04%
EPS	0,0167	0,0133	0,00	25,00%
ROE	0,0543	0,0460	0,01	18,21%
Total Assets	1 513	1 408	105	7,46%
Intangibles	1 284	1 131	153	13,53%
Book value	(1 192)	(1 044)	(148)	14,18%
Equity	92	87	5	5,75%
Total Liabilities	1 421	1 321	100	7,57%
Interest bearing	250	250	-	-
D/E	2,72	2,87	(0,16)	(5,43%)
ROA	0,0033	0,0028	0,0005	16,33%

SCIANT

- **Sciant is a subsidiary of Sirma Group Holding JSC**
- **Capital: BGN 250 000. Sirma Group Holding owns 80% of the capital.**

Sciant has been part of Sirma Group since November 2021, with the main goal to concentrate in itself the technological and business knowledge of Sirma Group, related to the development and export of software products and services specialized in the following industries: Hospitality, Logistics and Transport, Finance and Banking.

Conditions for business development in 2022

Sciant provides software services in the following industries: Hospitality, Logistics and Transport, Finance and Banking. In 2021 there was a strong post-Covid return of customers from the Hospitality. The other two industries continued to stand firm in the market, with Logistics and Transport growing significantly, driven by global trends.

The company works with clients from the United States, Singapore, Australia, China and the European Union.

The company provides software services to customers in the industries in which it specializes. The services have added value with the fact that the company's software engineers also have knowledge of the respective industry. Combined with the presence of consultants and business analysts, this leads to attracting customers from a higher segment of the market. The rights to the developed software are owned entirely by the Company's customers.

Sciant also provides services for maintenance of integration adapters through a developed system for semi-automated maintenance. The support is with monthly subscription contracts.

Although rearly, the company also works with Bulgarian companies. For them he performs development, maintenance, optimization of web sites; development of internal platforms for management of various processes; project management.

Regional and international factors affecting the company's business

The company is export oriented and has no business in Bulgaria. The regional factor that influences is the labor market.

The main international factor is the war in Ukraine. There is no influence of this factor on the company's business. Customers from Hospitality, Logistics and Transport, Finance and Banking continue to increase their orders. The company manages to add new customers and new business.

In 2022, Sciant continued to fulfill its strategic goals:

- Attracting new customers in Western Europe, North America and Bulgaria.
- New clients from the existing verticals have been attracted: Hospitality, Logistics and Transport, Finance and Banking.
- The increase in staff for 2022 is within the planned.
- Building new integrations into systems and products of external companies, established in the respective industry.

- Continue to build its own system for support of Integrated Adapters Managed Integration Services (MIS).
- The company continues to rely on a stable and sustainable sales model of software development services and services for maintenance of integration adapters.

New clients:

In 2022 the company signed new contracts with Walle AG, Atomize AB, Centelli Ltd, Impala Travel Technology Ltd, BRUIT Radisson Hospitality Belgium BV/SRL, Quincus, Red 61, Advantage Route Systems, Shift4 Payments, LLC, Northwind, Inc., Right Revenue Ltd, Sysdat Turismo Srl, Neuhouse, Firstclasset Inc., Warner Leisure Hotels, Control Rooms, Cypher Hospitality, Duetto, InHovate Solutions, Ship Cars LLC,Roomdex, Juyo Analytics, LikeMagic, Duetto, Guthrie Group Limited.

Important events:

- The merging process with ReSolutions Shpk, and structure it as a new office in Albania was completed.

Solved and unresolved issues in the implementation of the business plan for 2022

The company exceeded the plan for 2022 by 32%. A major factor in business growth is the recovery in the global economy. The main limiting factor for growth at the moment is the situation on the labor market. The company manages to hire and train new employees more successfully than competing companies, but nevertheless the speed of hiring new employees is lower than the speed of sales. To address this issue, the Company plans to open a new office in Tirana, Albania and other non-EU countries.

Perspectives and forecasts for 2023

The company plans to increase the number of employees by 50%. The company plans to increase revenues in 2023 by over 50%. Planned growth will be a combination of organic growth plus acquisitions of companies with similar businesses.

FINANCIAL RESULTS

	31.12.2022	31.12.2021	Change BGN '000	Change %
Revenues	13 788	9 906	3 882	39,19%
EBITDA	2 137	1 686	451	26,75%
Depreciation	(341)	(415)	74	(17,83%)
Net Result	1 614	1 268	346	27,29%
EBITDA margin	15,50%	17,02%	(1,52%)	(8,94%
Net Profit margin	11,71%	12,80%	(1,09%)	(8,55%
Sales per share	0,3898	0,2801	0,11	39,19%
EPS	0,0456	0,0358	0,010	27,29%
ROE	0,7073	0,6411	0,066	10,33%
Total Assets	4 268	3 543	725	20,46%
Book value	2 282	1 978	304	15,37%
Equity	2 282	1 978	304	15,37%
Total Liabilities	1 986	1 565	421	26,90%
Interest bearing	533	605	(72)	(11,90%)
D/E	0,2336	0,3059	(0,0723	(23,64)
ROA	0,3782	0,3579	0,0203	5,66%

SIRMA GROUP HOLDING – INDIVIDUAL FINANCIAL RESULTS

	31.12.2022	31.12.2021	Change	Change %
Revenues*	13 704	4 631	9 073	195,92%
EBITDA	2 242	2 000	242	12,10%
Depreciation	(602)	(567)	(35)	6,17%
Net Result	2 131	1 034	1 097	106,09%
EBITDA margin	16,36%	43,19%	(26,83%)	(62,12%)
Net Profit margin	15,55%	22,33%	(6,78%)	(30,35%)
Sales per share	0,2309	0,0780	0,15	195,92%
EPS	0,0359	0,0174	0,02	106,09%
ROE	0,0282	0,0139	0,01	103,08%
Total Assets	89 495	106 561	(17 066)	(16,02%)
Intangibles	6 556	9 664	(3 108)	(32,16%)
Book value	69 026	64 812	4 214	6,50%
Equity	75 582	74 476	1 106	1,49%
Total Liabilities	13 913	32 085	(18 172)	(56,64%)
Interest bearing	9 052	15 992	(6 940)	(43,40%)
D/E	0,1198	0,2147	(0,09)	(44,22%)
ROA	0,0238	0,0097	0,014	145,39%

** according to the FSC's instructions, the dividend income is included in the income from the main activity of "Sirma Group Holding" JSC*

7 RESULTS BY SEGMENTS

The group defined operation in several segments:

Segment INTELLIGENT EVOLUTION OF ENTERPRISES

Companies of Sirma Group operating in the segment are: EngView Systems, Sirma AI, Sirma Solutions, Sirma Medical Systems, Daticum, Sirma CI, Sirma Group Inc. and Sciant.

FINANCIAL RESULTS OF THE SEGMENT

	2022 BGN’000	2021 BGN’000
Revenue from:		
- external customers	43 855	31 837
Segment revenues	**43 855**	**31 837**
Changes in finished goods and work in progress	-	(47)
Cost of materials	(1 597)	(1 003)
Hired services expenses	(9 594)	(6 184)
Employee benefits expense	(26 392)	(16 657)
Depreciation and amortisation of non-financial assets	(5 788)	(4 883)
Other expenses	(982)	(661)
Segment operating profit	**(498)**	**2 402**

In 2022 the revenues of the segment increased by 37,75 %, but the segmet registered operating loss of BGN 498 thousand.

Segment SOLUTIONS, PRODUCTS AND CONSULTING IN FINANCE

Companies of Sirma Group operating in the segment are: Sirma Business Consulting, Sirma ICS, Sirma AI, Sirma Solutions, S&G Technologies Inc.,Sirma Group Inc., Sciant and Sirma InsurTech.

FINANCIAL RESULTS OF THE SEGMENT

	2022 BGN’000	2021 BGN’000
Revenue from:		
- external customers	12 987	11 022
Segment revenues	**12 987**	**11 022**
Changes in finished goods and work in progress	(141)	-
Cost of materials	(434)	(44)
Hired services expenses	(789)	(1 605)
Employee benefits expense	(7 143)	(5 394)
Depreciation and amortisation of non-financial assets	(2 477)	(436)
Other expenses	(476)	(96)
Segment operating profit	**1 527**	**3 447**

In 2022 the revenues of the segment increased by 17,83%, but operating profit decreased by 55,70% compared to 2021.

Segment SYSTEM INTEGRATION

Companies of Sirma Group operating in the segment are: Sirma Solutions.

Financial results of the segment

	2022 BGN’000	2021 BGN’000
Revenue from:		
- external customers	23 250	20 828
Segment revenues	**23 250**	**20 828**
Cost of materials	(19 893)	(17 501)
Hired services expenses	(1 630)	(2 100)
Employee benefits expense	(821)	(746)
Depreciation and amortisation of non-financial assets	(53)	(55)
Other expenses	(4)	(7)
Segment operating profit	**849**	**419**

In 2022 the revenues of the segment increased by 11,63%, and operating profit increased by 102,63% compared to 2021.

8 MAIN MARKETS

Consolidated earnings of Sirma Group for the historical period under review are of different nature and geographic origin. Traditionally, revenues from services and goods have the highest share. At the same time, Europe, North America and the United Kingdom are at the forefront of geographic distribution of earnings. Revenues by region and countries are presented in the following table.

REVENUE BY REGIONS AND COUNTRIES:

Region	31.12.2022 BGN '000	31.12.2021 BGN '000	Change BGN '000	Change %
Europe	50 501	35 333	15 168	42,93%
North America	16 801	21 042	(4 241)	(20,15%)
United Kingdom	10 221	6 721	3 500	52,08%
Asia	1 862	436	1 426	327,06%
South America	479	74	405	547,30%
Africa	199	66	133	201,52%
Australia	29	15	14	93,33%
Total	**80 092**	**63 687**	**16 405**	**25,76%**

The Group sell their products and services without geographical restrictions. However, traditionally the highest sales the Group generated in Europe and North America. Together with UK revenue, they traditionally account for 96,79% of total consolidated revenue. However, due to the exceptional diversification of its products and services, which are applied in many completely different sectors and customers, it is not possible to talk about any dependence of the Group on individual customers or on certain services.

In 2022, the Group sold in 59 countries. The largest share in the consolidated revenues belongs to the revenues from Bulgaria in the amount of BGN 34 755 thousand or 43,39% of the total sales revenues, followed by the USA with BGN 14 639 thousand or 18,28% and from the United Kingdom with BGN 10 221 thousand or 12,76%.

9 CONSOLIDATED FINANCIAL RESULTS

CONSOLIDATED REVENUES

Consolidated revenues in 2022 includes:

	31.12.2022 BGN '000	31.12.2021 BGN '000	Change BGN '000	Change %
Revenue from contracts with customers	78 521	61 358	17 163	27,97%
Other income	1 561	2 295	(734)	(31,98%)
Gain on sale of non-current assets	10	34	(24)	(70,59%)
Total	**80 092**	**63 687**	**16 405**	**25,76%**

Consolidated revenues increased with 25,76 % or BGN 16 405 thousand during 2022, which is in line with the upward economic situation during the period.

Consolidated revenue by product line includes:

	31.12.2022 BGN '000	31.12.2021 BGN '000	Change BGN '000	Change %
Software services	38 790	23 654	15 136	63,99%
Sale of IT equipment	22 485	19 994	2 491	12,46%
Subscriptions	5 007	4 033	974	24,15%
Licenses	3 534	5 962	(2 428)	(40,72%)
Consulting services	2 460	2 675	(215)	(8,04%)
Support	1 586	418	1 168	279,43%
Cloud services	1 390	1 336	54	4,04%
System integration	463	510	(47)	(9,22%)
Others	2 806	2 776	30	1,08%
Total	**78 521**	**61 358**	**17 163**	**27,97%**

CONSOLIDATED EXPENSES

	31.12.2022 BGN '000	31.12.2021 BGN '000	Change (BGN '000,%)
Cost of materials	(1 841)	(1 629)	(212)
Change in %			*13,01%*
Hired services expenses	(12 323)	(10 290)	(2 033)
Change in %			*19,76%*
Employee benefits expense	(37 579)	(25 613)	(11 966)
Change in %			*46,72%*
Depreciation and impairment of non-financial assets	(8 318)	(5 399)	(2 919)
Change in %			*54,07%*
Cost of goods sold and other current assets	3 497	3 197	300
Change in %			*9,38%*
Changes in finished goods and work in progress	(20 083)	(16 919)	(3 164)
Change in %			*18,70%*
Capitalized own expenses	(141)	(47)	(94)
Change in %			*200%*
Other expenses	(1 462)	(764)	(698)
Change in %			*91,36%*
Total expenses	**(78 250)**	**(57 464)**	**(20 786)**
Change in %			***36,17%***

During 2022 consolidated operating expenses increased by BGN 20 786 thousand or by 36,17%. Employee benefits expense has the largest share in the consolidated operating expenses (48.02%), followed by the hired services expenses (15.75%).

CONSOLIDATED FINANCIAL INCOME / COSTS (NET)

	31.12.2022 BGN '000	31.12.2021 BGN '000	Change BGN '000	Change %
Financial costs	(14 137)	(508)	(13 629)	2 682,87%
Financial income	1 090	797	293	39,76%
Financial income / expenses (net)	**(13 047)**	**289**	**(13 336)**	**n/a**

Consolidated financial costs increased by BGN 13 629 thousand or by 2 682,87 % in 2022, mainly due to the investment impairment loss and expenses from investment impairment.

Financial income increased by BGN 293 thousand or by 39,76%, mainly due to the increase in income income from the sale of investments.

CONSOLIDATED ASSETS

Consolidated assets marked an decrease of BGN 42 161 thousand or 25,63 % in 2022. Traditionally, the biggest share of these relate to goodwill and cash and cash equivalents.

NON-CURRENT ASSETS

	31.12.2022 BGN '000	31.12.2021 BGN '000	Change BGN '000	Change %
Goodwill	26 083	31 104	(5 021)	(16,14%)
Property, plant and equipment	9 881	11 080	(1 199)	(10,82%)
Intangible assets	20 706	86 724	(66 018)	(76,12%)
Investments in associates	18 502	-	18 502	100%
Long - term financial assets	336	841	(505)	(60,05%)
Long - term receivables	-	426	(426)	(100%)
Deferred tax assets	1 278	259	1 019	393,44%
Total non-current assets	**76 786**	**130 434**	**(53 648)**	**(41,13%)**

Non-current assets increased by BGN 53 648 thousand or by 41,13 % in 2022.

CURRENT ASSETS

	31.12.2022 BGN '000	31.12.2021 BGN '000	Change BGN '000	Change %
Inventory	560	2 808	(2 248)	(80,06%)
Contract assets	6 167	408	5 759	1 411,52%
Trade receivables	16 405	17 161	(756)	(4,41%)
Prepayments and other assets	706	1 551	(845)	(54,48%)
Related party receivables	418	622	(204)	(32,80%)
Income tax receivables	-	103	(103)	(100%)
Loans given	150	59	91	154,24%
Cash and cash equivalents	21 146	11 353	9 793	86,26%
Total current assets	**45 552**	**34 065**	**11 487**	**32,72%**

Current assets increased by BGN 11 487 thousand or by 32,72 % in 2022.

EQUITY

	31.12.2022 BGN '000	31.12.2021 BGN '000	Change (BGN '000,%)
Share Capital	59 361	59 361	-
Change			-
Purchased own shares	(85)	(1 304)	1 219
Change			*(93,48%)*
Reserves	7 043	6 821	222
Change			*3,25%*
Retained earnings	19 068	29 733	(10 665)
Change			*(35,51%)*
Equity attributable to the owners of the parent	85 387	94 661	(9 274)
Change			*(9,79%)*
Non-controlling interest	4 995	18 287	(13 292)
Change			*(72,69%)*
Total	**90 382**	**112 898**	**(22 516)**
Change			***(19,94%)***

Equity during 2022 increased by BGN 22 516 thousand or by 19,94 %.

CONSOLIDATED LIABILITIES

Consolidated liabilities increased by 19 645 BGN thousand or 38,07 % in 2022.

NON-CURRENT LIABILITIES

	31.12.2022 BGN '000	31.12.2021 BGN '000	Change BGN '000	Change %
Pension and other employee obligations	400	356	44	12,36%
Long-term borrowings	7 707	13 288	(5 581)	(42%)
Long-term lease liabilities	1 287	2 213	(926)	(41,84%)
Deferred tax liabilities	327	45	(45)	(100%)
Total non-current liabilities	**9 721**	**15 902**	**(6 181)**	**(38,87%)**

Non-current liabilities decreased by BGN 6 181 thousand or by 38,87% in 2022.

Long-term and short-term bank loans

Recipient of credit	In Bank	Type of loan	Currency	Total amount of credit (BGN)	Remaining obligation to 31.12.2022 (BGN)	Date of making the loan	Interest rate	The amount of monthly installment (BGN)	End date of the contract	Collateral
Loans in which the Issuer is a debtor										
Sirma Group Holding JSC	Eurobank Bulgaria	Overdraft	BGN	4 200 000	1 105	21.07.2016	Base + 0.7 points, but not less than 1.7% per year	-	31.12.2022	Pledge on shares – 1 373 548 of the share of Sirma Business Consulting AD, owned by Sirma Solutions, Pledge of Future and Current Cash Receivables and Stocks on the Open Account in Eurobank, Receivables Pledge of the Receivables under the Business Incubator Contract №BG161PO003-2.2.0012-C0001 / 02.02.2012; Contractual mortgage of a real estate located in Sofia, Mladost district, Tsarigradsko Shose Blvd 135, namely the 5th floor of the building
Sirma Group Holding JSC	United Bulgarian Bank	Overdraft	BGN	2 800 000	-	15.12.2022	The applicable variable interest rate for the relevant interest period +1.5 points, but not less than 1.5%		20.12.2024	Pledge of receivables
Sirma Group Holding JSC	United Bulgarian Bank	Investment	EUR	2 933 745	2 615 923	11.12.2021	3 m. EURIBOR + 1.2%, but no less that 1.3% per year	108	11.12.2031	Pledge of receivables, pledge of real estate
Sirma Group Holding JSC	United Bulgarian Bank	Investment	EUR	6 391 652	5 527 176	11.12.2021	3 m. EURIBOR + 1.2%, but no less that 1.3% per year	84	11.12.2029	Pledge of receivables, pledge of commercial enterprises, pledge of real estate
Sirma Group Holding JSC	United Bulgarian Bank AD	Investment	EUR	731 131	731 131	30.06.2021	3 m. EURIBOR + 1.2%, but no less that 1.3% per year	51	30.06.2027	Pledge of receivables, pledge of subsidiary

As of the date of drawing up the annual consolidated financial report, "Sirma Group Holding" JSC closed the overdraft in "Eurobank Bulgaria" AD and repaid all investment loans in "United Bulgarian Bank" AD.

Loans for which the Issuer is a guarantor

Recipient of credit	In Bank	Type of loan	Currency	Total amount of credit (BGN)	Remaining obligation to 31.12.2022 (BGN)	Date of making the loan	Interest rate	End date of the contract	Collateral
Sirma Solutions	United Bulgarian Bank	Overdraft	BGN	4 025 000	597 452	12.12.2019	RIR + 1.2%, but no less that 1.3% per year	20.12.2025	Pledge of receivables, pledge of commercial enterprises, pledge of real estate
Sirma Solutions	United Bulgarian Bank	Overdraft	BGN	4 000 000	-	28.10.2020	RIR + 1.2%, but no less that 1.3% per year	28.10.2025	Pledge of receivables.
Sciant	United Bulgarian Bank	Overdraft	BGN	500 000	-	18.5.2020	The applicable variable interest rate for the relevant interest period +3.5 points, but not less than 3.5%		Pledge of receivables
Sciant	United Bulgarian Bank	Overdraft	BGN	500 000	-	7.4.2022	The applicable variable interest rate for the relevant interest period +1.3 points, but not less than 1.3%		Pledge of receivables
EngView Systems Sofia	United Bulgarian Bank	Overdraft	BGN	1 000 000	-	15.12.2020	The applicable variable interest rate for the relevant interest period +1.3 points, but not less than 1.3%		Pledge of receivables
Sirma Medical Systems	United Bulgarian Bank	Bank revolving credit	BGN	250 000	250 000	15.12.2020	ADI + 1,3 percent, (but not less than 1,3 percent per year)	15.12.2023	Pledge on receivables
Sirma Solutions	United Bulgarian Bank	Overdraft	BGN	2 080 000	-	15.12.2022	The applicable variable interest rate for the relevant interest period +1.5 points, but not less than 1.5%	15.12.2024	Pledge of receivables.

Other loans and deposits provided by "Sirma Group Holding" JSC and its subsidiaries:

Lender	Recipient	United identification code	Relationships	Type	Currency	Liability as of 31.12.2022 (BGN '000)	Date of contract/ last annex	Interest rate %	Term of contract	Pledges
Ontotext	Sirma Medical Systems	204054855	Subsidiary	Loan	BGN	1 100	20.12.2022	2.80	31.12.2023	No pledges
Sirma Group Holding	Sirma CI	205364846	Subsidiary	Loan	BGN	29	02.01.2019, 31.01.2021	1.3	31.12.2023	No pledges
Sirma Group Holding	Sirma ISG	201580558	Company under common control	Loan	BGN	7	26.04.2017	1.3, 2.8, 6.5	31.12.2023	No pledges
Sirma Group Holding	Sirma ICS	203940550	Company under common control	Loan	BGN	95	23.01.2017, 31.01.2021	1.3	31.12.2023	No pledges
Sirma Group Holding	Pirina Technolgies	175149906	Company under common control	Loan	BGN	295	10.01.2022	2	31.12.2023	No pledges
Sirma Group Holding	Sirma InsurTech	205982173	Subsidiary	Loan	BGN	200	03.10.2022	1.3	31.12.2023	No pledges
Sirma Solutions	Sirma ISG	201580558	Subsidiary	Loan	BGN	107	12.12.2016	5	31.12.2023	No pledges
Sirma Solutions	Sirma Group Holding	200101236	Parent company	Deposit	BGN	2 256	29.10.2020	0.1	31.12.2023	No pledges
Sirma Solutions	*Individual – member of BD		Related party	Loan	BGN	14	10.12.2021	2.5	12.04.2023	No pledges
Sirma Solutions	*Individual S.S.		Non related party	Loan	BGN	150	27.06.2017 20.09.2017	3	31.12.2023	No pledges
Sirma Solutions	*Individual S.S.		Non related party	Loan	BGN	133	31.05.2022	2	31.12.2023	No pledges
Daticum	Sirma Group Holding	200101236	Company under common control	Deposit	BGN	514	04.01.2009	0.1	31.12.2023	No pledges
Worklogic Canada	Sirma Group Inc	Foreign company	Non related company	Loan	USD	82	31.07.2017	0.01	31.12.2023	No pledges
Sirma InsurTech	HRM Solutions	200101236	Subsidiary	Loan	BGN	187	14.07.2021	3.2	31.08.2023	No pledges

Other loans and deposits received from Sirma Group Holding and its subsidiaries:

Recipient	Lender	United identification code	Relationships	Type	Currency	Liability as of 31.12.2022 (BGN '000)	Date of contract/ last annex	Interest rate %	Term of contract	Pledges
Sirma Medical Systems	Ontotext	200356710	Company under common control	Loan	BGN	1 100	20.12.2022	2.80	31.12.2022	No pledges
Sirma CI	Sirma Group Holding	200101236	Parent company	Loan	BGN	29	02.01.2019, 31.01.2021	1.3	31.12.2022	No pledges
Sirma Group Holding	Sirma Solutions	040529004	Subsidiary	Deposit	BGN	2 526	29.10.2020	0.1	31.12.2022	No pledges
Sirma Group Holding	Daticum	200558943	Company under common control	Deposit	BGN	514	04.01.2009	0,1	31.12.2022	No pledges
Sirma Group Inc	Worklogic Canada	Foreign company	Non related company	Loan	USD	82	31.07.2017	0,01	31.12.2022	No pledges
Sirma InsurTech	*Individual Y.M.		Related party	Loan	BGN	77	30.08.2022	2.9	31.08.2023	No pledges

*The Issuer has disclosed only the initials of the individuals to whom it has granted loans, in compliance with the provisions of the Personal Data Protection Act and the General Regulation on Data Protection (Regulation (EU) 2016/679, GDPR).

CURRENT LIABILITIES

	31.12.2022 BGN '000	31.12.2021 BGN '000	Change BGN '000	Change %
Provisions	77	22	55	250%
Pension and other employee obligations	3 973	3 783	190	5,02%
Short-term borrowings	5 251	16 274	(11 023)	(67,73%)
Short-term lease liabilities	590	829	(239)	(28,83%)
Trade and other payables	3 610	5 124	(1 514)	(29,55%)
Contract liabilities	8 119	4 303	3 816	88,68%
Short-term related party payables	497	5 199	(4 702)	(90,44%)
Income tax liabilities	118	165	(47)	(28,48%)
Total current liabilities	**22 235**	**35 699**	**(13 464)**	**(37,72%)**

Current liabilities decreased by BGN 13 464 thousand or 37,72 % in 2022.

CASH FLOWS

The Group has no liquidity problems and operates with the available resources while maintaining a low level of indebtedness for the period under review. Traditionally, the largest pay-out in revenue streams is paid by customers, while the role of a negative item is paid by payments to suppliers.

SUMMARY OF CASH FLOW

	31.12.2022 BGN '000	31.12.2021 BGN '000	Change BGN '000	Change %
Net cash flow from operating activities	8 665	7 680	985	12,82%
Net cash flow from investing activities	19 302	(10 464)	29 766	n/a
Net cash flow from financing activities	(18 089)	1 535	(19 621)	n/a
Net change in cash and cash equivalents	9 878	(1 249)	11 127	n/a
Cash and cash equivalents at the beginning of the year	11 353	12 549	(1 196)	(9,53%)
Exchange gains/(losses) on cash and cash equivalents	(85)	53	(138)	n/a
Cash and cash equivalents at the end of the year	21 146	11 353	9 793	86,26%

INDICATORS AND RATIOS

№	Indicators (in BGN '000)	31.12.2022	31.12.2021	Change (value)	Change %
1	Revenue from operating activities	80 092	63 687	16 405	25,76%
2	Cost of sales	(76 788)	(56 700)	(20 088)	35,43%
3	Gross profit	3 304	6 987	(3 683)	(52,71%)
4	Other operating costs	(1 462)	(764)	(698)	91,36%
5	Operating profit	1 842	6 223	(4 381)	(70,40)
6	Financial income	1 090	797	293	36,76%
7	Financial costs	(14 137)	(508)	(13 629)	2 682,87%
8	Profit before tax expense	(11 205)	6 512	(17 717)	n/a
9	Tax costs	383	(587)	970	n/a
10	Net profit	(10 822)	5 925	(16 747)	n/a
11	Dividend	2 030	-	2 030	100 %
12	Cash and cash equivalents	21 146	11 353	9 793	86,26%
13	Inventories	560	2 808	(2 248)	(80,06%)
14	Short-term assets	45 552	34 065	11 487	33,72%
15	Total amount of assets	122 338	164 499	(42 161)	(25,63%)
16	Average arithmetic total asset value for 5 quarters	147 177	154 432	(7 255)	(4,70%)
17	Current liabilities	22 235	35 699	(13 464)	(37,72%)
18	Debt	14 835	32 604	(17 769)	(54,50%)
19	Liabilities (borrowed funds)	31 956	51 601	(19 645)	(38,07%)
20	Equity	90 382	112 898	(22 516)	(19,94%)
21	Equity averaged 5 quarters	106 675	111 498	(4 822)	(4,33%)
22	Turnover capital	23 317	(1 634)	24 951	n/a
23	Number of shares at the end of the period (in thousands)	59 361	59 361	-	-
24	Gain minority interest	705	1 474	(769)	(52,17%)
25	Interest expenses	(332)	(209)	(123)	58,85%
26	Weighted average price of last trading session	0,738	0,442	0,2955	66,86%
27	Last price per share of last trading session	0,750	0,440	0,31	70,45%

Indicators	31.12.2022	31.12.2021	Change (value)	Change %
EBITDA	(2 555)	13 594	(16 149)	n/a
DEPRECIATION	(8 318)	(5 399)	(2 919)	54,07%
EBIT	(10 873)	8 195	(19 068)	n/a
FIN/INVEST NET	(13 047)	289	(13 336)	n/a
EBT	(11 205)	6 512	(17 717)	n/a
ROA	(0,0941)	0,0271	(0,1071)	n/a
ROA(BSE)	(0,0783)	0,0288	(0,1065)	n/a
Debt/EBITDA Ratio	(5,8063)	2,3984	(8,2047)	n/a
Quick Ratio	2,0235	0,8756	1,1479	131,10%
ROE	(0,1014)	0,0531	(0,1546)	n/a
Debt/Equity Ratio (BSE)	0,3536	0,4571	(0,1035)	(22,64%)
Profitability ratios				
Gross profit margin	0,0413	0,1097	(0,0685)	(62,40%)
Operating profit margin	(0,0230)	0,0977	(0,0747)	n/a
Net profit margin	(0,1351)	0,0930	(0,2282)	n/a
Return on Assets	(0,0735)	0,0384	(0,1119	n/a
Return on Equity	(0,1014)	0,0531	(0,1546)	n/a
Coefficients for assets and liquidity				
Assets turnover ratio	0,5516	0,4176	0,1340	32,10%
Assets turnover ratio (BSE)	0,5442	0,4124	0,1318	31,96%
Operating cycle	3,4349	(38,9761)	42,4111	n/a
Current ratio	2,0487	0,9542	1,0944	114,69%
Quick ratio	2,0235	0,8756	1,1479	131,10%
Cash ratio	0,9510	0,3180	0,6330	199,04%
Odds per share				
P/S ratio	0,5466	0,4120	0,1346	32,68%
P/E ratio	(4,0453)	4,4283	(8,4736)	n/a
Revenue per share	1,3492	1,0729	0,2764	25,76%
Earnings per share	(0,1823)	0,0998	(0,2821)	n/a
Book value of equity per share	1,7971	1,8783	(0,0812)	(4,33%)
Development Ratios				
Revenue growth	0,2576	0,0715	0,1861	260,24%
Gross profit growth	(0,5271)	(0,0201)	(0,5071)	n/a
Assets growth	(0,2576)	0,0693	(0,32690	n/a
Leverage Ratios				
Debt/taotal assets	0,1008	0,2111	(0,1103)	(52,24%)
Debt/capital	0,1221	0,2263	(0,1042)	(46,04%)
Debt/equity	0,1391	0,2924	(0,1534)	(52,44%)
Total assets/equity	1,3791	1,3851	(0,0060)	(0,43%)
Market value of the company	44 521	26 119	18 402	70,45%

RELATED COMPANIES TRANSACTIONS

Transactions with associated parties

	2022 BGN‘000	2021 BGN‘000
Sale of services		
- Administrative, accounting services	75	1
- Software	2	406
- Rents	1	-
Interest on loan given	5	-
Purchases of services	-	5
Income from subsequent valuations of receivables	-	288

Transactions with other related parties

	2022 BGN‘000	2021 BGN‘000
Sale of services		
- Administrative, accounting services	4	1
- Rents	13	-
- Software services	65	406
Purchases of services	-	5
Income from subsequent valuations of receivables	-	288
Returned given loans	48	-
Given loans	295	-
Interest on given loans	5	-

10 EMPLOYEES AND ECOLOGY

ECOLOGY

The Group maintains and observes its commitments in compliance with the national legislation in the field of environmental protection. The Group applies measures for consolidated collection of waste, minimization, recovery and recycling of municipal waste. The the use of plastic cups stopped, and they were replaced with porcelain and glass.

EMPLOYEES

The Group believes that its employees play a key role in the development of its business and the overall corporate goals and therefore pays special attention to the development of a common human resources management

strategy and policies. Sirma Group's policies in this regard are aimed at stimulating the responsibility and motivation of the staff to fulfill the assigned tasks and objectives.

The company and the companies in the group apply certain selection criteria and consider that they have an ambitious team of professionals capable of pursuing the strategic and operational objectives. Sirma Group invests in various training programs for its employees and provides its employees with opportunities for professional development.

Count of employees in the Group:

31.12.2021

Company	LC	CMC	Total
SIRMA SOLUTIONS	164	7	171
SCIANT	105	2	107
SIRMA BUSINESS CONSULTING	68	5	73
SIRMA INSURTECH	37	1	38
ENGVIEW SYSTEMS SOFIA	33	4	37
RESOLUTIONS	23	1	24
SIRMA GROUP HOLDING	20	9	29
SIRMA SHA, ALBANIA	14	3	17
S&G, UK	9	1	10
SIRMA ICS	9	1	10
DATICUM	8	2	10
SIRMA MEDICAL SYSTEMS	5	3	8
SIRMA CI	2	3	5
SIRMA GROUP INC., USA	1	1	2
ENGVIEW SYSTEMS GERMANY	-	1	1
ONTOTEXT	-	1	1
Total	**498**	**45**	**543**

31.12.2021

Company	LC	CMC	Total
SIRMA SOLUTIONS	140	7	147
SCIANT	102	2	104
SIRMA AI	79	6	85
SIRMA BUSINESS CONSULTING	51	5	56
ENGVIEW SYSTEMS SOFIA	35	4	39
SIRMA GROUP HOLDING	20	6	26
SIRMA SHA, ALBANIA	12	3	15
SIRMA ICS	10	1	11
DATICUM	9	5	14
S&G, UK	9	1	10
SIRMA MEDICAL SYSTEMS	5	3	8
SIRMA CI	2	3	5
SIRMA GROUP INC., USA	1	1	2
ENGVIEW SYSTEMS GERMANY	-	1	1
ONTOTEXT	-	1	1
Total	**475**	**49**	**524**

11 RISK FACTORS

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is carried out by the central administration, in close co-operation with the board of directors and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

The most significant financial risks to which the Group is exposed are described below.

MARKET RISK ANALYSIS

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

As the economic consequences of the war unfolded in Ukraine, strong inflationary pressures arose. The average annual inflation for the period January - December 2022 compared to the period January - December 2021 is 15.3 percent. Inflation is expected to remain high in the short term. In the medium term, as the energy market rebalances, uncertainty is expected to ease and inflation to fall towards the end of 2023. By the second half of 2025, easing pressures from energy prices and other costs, together with the ECB's monetary policy measures, should return inflation to the target level.

The expected retention of the level of inflation will continue to affect the maintenance of high levels of purchase prices of the goods and services used by the Group, which could lead to an unexpected contraction in consumer demand and, consequently, future revenues.

Foreign currency risk

Most of the Group’s transactions are carried out in Bulgarian leva (BGN). Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in US-Dollars and British Pounds.

To mitigate the Group's exposure to foreign currency risk, non-BGN cash flows are monitored. Generally, Group’s risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-term cash flows.

Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into Bulgarian leva at the closing rate:

	Short-term exposure	
	USD	GBP
	BGN‘000	BGN‘000
31 December 2022		
Financial assets	9 851	773
Financial liabilities	(75)	(264)
Total exposure	**9 776**	**509**
31 December 2021		
Financial assets	979	21
Financial liabilities	(344)	(1)
Total exposure	**635**	**20**

The following tables illustrate the sensitivity of post-tax financial result for the year and equity in regards to exchange rate differences between the Bulgarian Lev (BGN) and the following currencies ‘all other things being equal’:

- US Dollars (USD) +/- 8.6 % (for 2022: +/- 3.8 %)
- Pound Sterling (GBP) (+/- 3.9 %) (for 2021: +/- 3.1 %)

These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date and also takes into.

31 December 2022	**Increase of the exchange rate BGN/foreign currency**		**Decrease of the exchange rate BGN/foreign currency**	
	Net financial result	**Equity**	**Net financial result**	**Equity**
	BGN‘000	**BGN‘000**	**BGN‘000**	**BGN‘000**
US Dollars (USD) (+/- 8.6%)	(582)	(582)	582	582
Pound Sterling (GBP) (+/- 3.9%)	(18)	(18)	18	18

31 December 2021	**Increase of the exchange rate BGN/foreign currency**		**Decrease of the exchange rate BGN/foreign currency**	
	Net financial result	**Equity**	**Net financial result**	**Equity**
	BGN‘000	**BGN‘000**	**BGN‘000**	**BGN‘000**
US Dollars (USD) (+/- 3.8%)	(22)	(22)	22	22
Pound Sterling (GBP) (+/- 3.1%)	(1)	(1)	1	1

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Despite the small amount of financial instruments in foreign currency, the impact of the general economic situation and the dynamics of the international markets could have an impact that would lead to unexpected changes in the exchange rate of the US dollar and this would affect the financial results of the Group in the future.

Interest rate risk

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing.

In 2022, the Group is exposed to the risk of changes in market interest rates on its bank loans, which have a variable interest rate. All other financial assets and liabilities of the Group have fixed interest rates.

The tables presented below show the sensitivity of the annual net financial result after tax and equity to a likely change in interest rates on loans with a floating interest rate based on EURIBOR in the amount of +/- 94.23%. These changes are determined to be probable based on observations of current market conditions. The calculations are based on the change in the average market interest rate and on the financial instruments held by the Company at the end of the reporting period, which are sensitive to interest rate changes. All other parameters are assumed to be constant.

31 december 2022	**Net financial result**		**Equity**	
	increase in interest rate	**decrease in interest rate**	**increase in interest rate**	**decrease in interest rate**
	BGN‘000	**BGN‘000**	**BGN‘000**	**BGN‘000**
Loans (EURIBOR 94.23%)	(124)	(124)	124	124

In 2021, interest on loans is formed plus a premium, but due to the weak changes in the relevant reference values in previous years, the exposure of the Group to interest rate risk is insignificant.

CREDIT RISK

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date, as summarized below:

Financial assets	**Note**	**2022**	**2021**
		BGN’000	**BGN’000**
Financial assets at fair value through profit or loss:			
Long - term financial assets	6	**336**	**841**
Debt instruments measured at amortized cost			
Long-term receivables	14	-	426
Trade and other receivables	17	16 405	17 161
Related party receivables	38	418	622
Loand given	20	150	59
Cash and cash equivalents	19	21 146	11 353
		38 119	**29 621**
		38 455	**30 462**

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. The Group's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

The Group's management has performed an analysis of the settlements with its counterparties, as well as the potential effect on their credit quality, incl. in terms of forming a reasonable amount of expected credit losses, according to the adopted model for determining them in accordance with IFRS 9. Based on the analysis, and taking into account the collection of receivables in the period after the pandemic, until the date of preparation of the pandemic In this consolidated financial statement, the Management Board considers that in the short term there are no indications of deterioration in the credit quality of counterparties, and that there are currently no grounds to change the model for calculating expected credit losses, including due to lack of credit losses. sufficiently reliable data. The long-term perspectives and potential effects on the collection and credit quality of the estimates are subject to constant monitoring and updating by the Management. The process also takes into account the fact that the existence of temporary liquidity problems of counterparties caused directly by Covid-19 are not considered indications of deteriorating credit quality.

None of the Group's financial assets are secured by collateral or other credit enhancements in regard to transactions.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

LIQUIDITY RISK

Liquidity risk is the risk arising from the Group not being able to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at 31 December 2022, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarized below:

	Current		**Non-current**	
31 December 2022	**Within 6 months**	**6 to 12 months**	**1 to 5 years**	**Over 5 years**
	BGN'000	**BGN'000**	**BGN'000**	**BGN'000**
Borrowings	2 626	2 625	7 707	-
Finance lease obligations	306	305	1 123	198
Trade and other payables	2 634	-	-	-
Related party payables	497	-	-	-
Total	**6 063**	**2 930**	**8 830**	**198**

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting period as follows:

	Current		**Non-current**
31 December 2021	**Within 6 months**	**6 to 12 months**	**1 to 5 years**
	BGN'000	**BGN'000**	**BGN'000**
Borrowings	8 137	8 137	13 288
Finance lease obligations	429	428	2 269
Trade and other payables	4 367	-	-
Related party payables	5 199	-	-
Total	**18 132**	**8 565**	**15 557**

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date.

Financial assets used for managing liquidity risk

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables do not significantly exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within six months

12 OTHER INFORMATION AS PER APPENDIX 11 OF ORDINANCE 2 OF THE FSC

12.1 INFORMATION ABOUT EVENTS AND INDICATORS WITH UNUSUAL NATURE FOR THE GROUP, HAVING A SIGNIFICANT EFFECT ON THEIR ACTIVITY AND THEIR INCOME AND EXPENDITURE; EVALUATION OF THEIR IMPACT ON RESULTS IN THE CURRENT PERIOD

There are no events and indicators with an unusual nature for the company that have a significant impact on its operations and its realized revenues and expenses; assessing their impact on results during the current period.

12.2 INFORMATION ABOUT OFF-BALANCE SHEET TRANSACTIONS - NATURE AND BUSINESS PURPOSE, FINANCIAL IMPACT OF THE TRANSACTION ON ACTIVITY IF THE RISKS AND BENEFITS OF THESE TRANSACTIONS ARE ESSENTIAL FOR THE GROUP AND THE DISCLOSURE OF THIS INFORMATION IS ESSENTIAL FOR ASSESSING THE FINANCIAL POSITION OF THE COMPANY.

There are no transactions recorded off-balance sheet in the Group.

12.3 INFORMATION ABOUT THE USE OF FUNDS FROM THE NEW ISSUE OF SECURITIES, CARRIED OUT DURING THE REPORTING PERIOD.

The Group did not use funds from a new issue of securities in the reporting period.

12.4. ANALYSIS OF THE RELATIONSHIP BETWEEN THE FINANCIAL RESULTS ACHIEVED, REPORTED IN THE CONSOLIDATED FINANCIAL STATEMENT FOR THE FINANCIAL YEAR AND EARLIER PUBLISHED PROJECTIONS FOR THESE RESULTS.

The financial results of the Group correspond to the forecasts made in the Development Strategy of Sirma Group Holding, which is published on the company's website.

12.5 ANALYSIS AND FINANCIAL EVALUATION OF THE FINANCIAL RESOURCES MANAGEMENT POLICY WITH THE POSITION OF OPPORTUNITIES FOR THE SERVICE OF THE OBLIGATIONS, THE EVENTUAL THREATS AND MEASURES WHICH THE COMPANY WAS PREVENTED OR PROVIDED TO TAKE FOR THE PURPOSE OF REMOVING THEM.

The management of financial resources is subject to the requirement of maximizing efficiency while respecting payment deadlines agreed with both suppliers and customers. This means a predominant use of own funds, resulting in lower financial costs and interest costs. On the other hand, there is a significant reserve of undrawn loans that can serve both current and investment costs, which maintain high liquidity of payments.

The Group's ability to service obligations is expressed in terms of liquidity ratios in the description of the liquidity risk in this report. As evidenced by the values of the liquidity indicators, the Group has no problems in meeting its obligations, both in the medium and long term. The company has regular proceeds from sale, while also using bank overdrafts, which allows it to service its obligations by successfully managing its financial resources and to properly and timely service its obligations.

12.6 ASSESSMENT OF THE POSSIBILITIES FOR THE IMPLEMENTATION OF INVESTMENT INTENTIONS WITH THE SIGNIFICANCE OF THE AMOUNT OF EXPENDITURE AND THE EFFECTIVENESS OF THE POSSIBLE CHANGES IN THE STRUCTURE OF FINANCING THAT ACTIVITY.

The management estimates that it is possible to realize the investment intentions declared with the prospectus for initial public offering.

12.7 INFORMATION ABOUT OCCURRING CHANGES IN THE REPORTING PERIOD IN THE MAIN PRINCIPLES FOR THE MANAGEMENT OF THE GROUP AND ITS ECONOMIC GROUP.

There were no changes during the reporting period in the Group's main management principles and its economic group.

12.8 INFORMATION ABOUT THE MAIN CHARACTERISTICS OF THE INTERNAL CONTROL SYSTEM IMPLEMETED IN THE GROUP IN THE PROCESS OF FINANCIAL REPORTING AND RISK MANAGEMENT SYSTEM

Under Bulgarian law, the management should prepare an annual report on the operations and a financial statement for each quarter to give a true and fair view of the Company's financial position as of the end of the year, financial performance and cash flows in accordance with the applicable accounting framework. Management's responsibility also includes the implementation of an internal control system to prevent, detect and correct mistakes and false statements as a result of the accounting system's actions. In this respect, the management observes the following basic principles in its activities:

- adherence to a particular management and accounting policy disclosed in the financial statements;

- carrying out all operations in compliance with the laws and regulations; coverage of all events and operations in a timely manner, with the exact amount of the amounts in the appropriate accounting articles.

- accounts and the relevant reporting period so as to allow the financial statements to be prepared in accordance with the specific accounting framework;

- observance of the precautionary principle in the valuation of assets, liabilities, income and expenses;

- detection and termination of frauds and errors;

- completeness and regularity of accounting information;

- preparation of reliable financial information;

- adherence to international financial reporting standards and adherence to the going concern principle.

The consolidated financial statements have been prepared in accordance with the going concern principle, taking into account the possible effects of the resulting inflationary crisis and other risks accompanying the Group's activity.

During the reporting period, there were no changes in the main management principles of the Group.

12.9 INFORMATION ON CHANGES IN MANAGEMENT AND SUPERVISORY BODIES IN THE FINANCIAL YEAR.

There were no changes in the Gropu’d management and supervisory bodies during 2020.

12.10 INFROMATION ABOUT THE KNOWN TO THE GROUP AGREEMENTS (INCLUDING ALSO AFTER THE CLOSING OF THE FISCAL YEAR) AS A RESULT OF WHICH CHANGES MAY OCCUR AT A FUTURE TIME IN THE OWNED PERCENT OF SHARES OR BONDS BY CURRENT SHAREHOLDERS OR BONDHOLDERS.

The Group has no information of agreements which may alter the owned percent of shares by current shareholders. The companies within the Group have not issued bonds.

12.11 CONTACT DETAILS OF THE DIRECTOR “INVESTOR CONNECTIONS”, INCLUDING TELEPHONE AND ADDRESS FOR CORRESPONDENCE.

Stanislav Tanushev

Bul. 135 Tsarigradsko shose, fl. 3

Sofia 1784

ir@sirma.com

Contact phone: +359 2 976 8310

13 CHANGES IN THE PRICE OF THE SHARES OF SIRMA GROUP HOLDING JSC

HISTORICAL DATA AND FINANCIAL RATIOS

Weighted-Average Price | Closing Price

1 month 6 months 1 year

Market Capitalisation: **44 520 389** BGN as of 12/31/2022

Start Price	**0.4395**	BGN	-	04.01.2022
Last Price	**0.7500**	BGN	-	31.12.2022
Max Price	**0.8450**	BGN	-	13.09.2022
Min Price	**0.4006**	BGN	-	25.01.2022
Percent Change	-	%	+70.6485	
Value Change	-	BGN	+0.3105	

ROA	**0.01**	ROA cons	**-0.03**
ROE	**0.02**	ROE cons	**-0.05**
ROA/EBIT	**0.02**	ROA/EBIT cons	**-0.03**
ROE/EBIT	**0.03**	ROE/EBIT cons	**-0.04**
Asset turnover	**0.14**	Asset turnover cons	**0.52**
Current ratio	**1.06**	Current ratio cons	**2.99**
D/A	**0.18**	D/A cons	**0.21**

14 EVENTS AFTER THE END OF THE REPORTING PERIOD

Payment of six-monthly dividend

At the General Meeting of Shareholders of "Sirma Group Holding" JSC, held on 09.01.2023, a decision was made regarding the distribution of a six-month dividend in the amount of BGN 889 thousand from the profit for the period 01.01.2022 – 30.06.2022 in amount of BGN 998 thousand.

The dividend will begin to be paid within 60 days of the aforementioned GMS as per the requirements of the Central Depository.

Buyback of shares

By decision of the General Meeting of Shareholders of “Sirma Group Holding” JSC, dated 09.01.2023, on 25.01.2023 “Sirma Group Holding” JSC bought back 1 398 900 of its shares at an average price of BGN 0.71 per share at a total price of BGN 993 219. The shares represent 2.37% of the company's capital. The purchase was made on the Bulgarian Stock Exchange - Sofia AD.

Sale of shares by a member of the Board of Directors

On 26.01.2023 in the office of "Sirma Group Holding" JSC a letter-notification was received from Atanas Kiryakov - a member of the Board of Directors of "Sirma Group Holding" JSC, stating that he has sold 1 400 000 shares from the capital of "Sirma Group Holding" JSC, through transactions made on the Bulgarian Stock Exchange - Sofia on 25.01.2023 at an average price of BGN 0.71 per share.

Purchase of shares by member of the Board

On 30.01.2023 in the office of “Sirma Group Holding” JSC a letter-notification was received from Georgi Marinov – Chairman of the Board of Directors of “Sirma Group Holding” JSC, stating that he has bought 66 000 shares from the capital of “Sirma Group Holding” JSC, through transactions made on the Bulgarian Stock Exchange - Sofia on 27.01.2023 at an average price of 0.7779 BGN per share.

Finalization of a transaction on the sale by the subsidiary of a minority block of shares in the company "Sirma AI" AD, trading as Ontotext

On 30.03.2023, all actions regarding the sale of shares from the capital of "Sirma AI" AD, which were owned by the subsidiary company "Sirma Solutions" AD, were finalized according to the decision of the General Meeting of the Shareholders of the majority owner "Sirma Group Holding" JSC, held on 15.02.2023.

As a result of the received cash and the transferred shares, the commitments of all parties to the transaction have been completed.

Change of name and Board of Directors of subsidiaries of "Sirma Group Holding" JSC

On 10.02.2023 "Ontotext" AD - a subsidiary of "Sirma Group Holding" JSC, changed its name to "SAI" AD and a new Board of Directors of the company was registered in the CR, composed of:

Tsvetan Georgiev Trenchev

Georgi Parvanov Marinov

Yordan Stoyanov Nedev

On 06.04.2023 "Sirma AI" AD an associate of "Sirma Solutions”AD, changed its name to "Ontotext" AD and a new Board of Directors of the company was registered in the CR, composed of:

Atanas Kostadinov Kiryakov

Evtim Georgiev Chesnovski

Ivan Dimitrov Abadjiev

"SIA Investment Management" EOOD, EIK/PIK 206972449

Tsvetan Borisov Alexiev has been deleted on 04.06.2023.

Held General Meeting of "Sciant" AD - a subsidiary of "Sirma Group Holding" JSC

On 28.02.2023 "Sciant" AD - a subsidiary of "Sirma Group Holding" JSC, held a General Meeting of Shareholders, at which the following more important decisions were made:

- increase of the Company's capital from BGN 250 000 (two hundred and fifty thousand) to BGN 257 000 (two hundred and fifty seven thousand) by issuing 7 000 (seven thousand) ordinary registered voting shares with a nominal value of BGN 1 (one) each;
- part of the Company's net profit for 2022 in the amount of BGN 1 612 500 /one million six hundred and twelve thousand and five hundred/ to be distributed as a dividend to the shareholders, and the rest of the net profit for 2022 in the amount of of BGN 1 079.55 /one thousand seventy-nine leva and fifty-five cents/ not to be distributed and to be reflected as retained earnings.

Complete purchase of the company "Sciant AD" by "Sirma Group Holding" AD

On 03.04.2023 a transaction for the purchase of the remaining shares in the subsidiary of "Sirma Group Holding" JSC - "Sciant" AD was concluded as follows:

• Subsidiary whose shares are subject to redemption: "Sciant" AD;

• Company that buys the shares: "Sirma Group Holding" JSC;

• Size of the minority package object of purchase: 22.20% of the capital of "Sciant" AD distributed in 57 000 shares;

• Sellers of shares: 26 individuals and 1 legal entity.

As a result of the above transaction, "Sirma Group Holding" JSC now owns 100% of the capital of the company "Sciant" AD.

Full repayment of loans

On 12.04.2023 "Sirma Group Holding" JSC made a full early repayment of three of its investment bank loans, including principal amounts of 4 356 154 (four million three hundred and fifty-six thousand one hundred and fifty-four) euros. As a result of the above, the company currently has no credit indebtedness under investment loans.

Registration of a new company in Sweden

On 26.04.2023 “Sirma Solutions” AD received registration of its new subsidiary in Stockholm, Sweden. The name of the new company is "Sirma AB". "Sirma AB" will be commercially focused on the markets in the Scandinavian countries, BENELUX and German-speaking Europe. The company will offer the full range of products and services of companies the Group. The head of the company is a local manager, and initially it is expected to have three associates for business development.

No adjusting or other significant non-adjusting events have occurred between the reporting date and the date of authorization.

Tsvetan Borisov Alexiev

Digitally signed by Tsvetan Borisov Alexiev
Date: 2023.05.01 13:36:36 +03'00'

Sofia
01.05.2023

CEO:
Tsvetan Alexiev